AMERICAN CATTLE PRODUCER

APRIL 1940

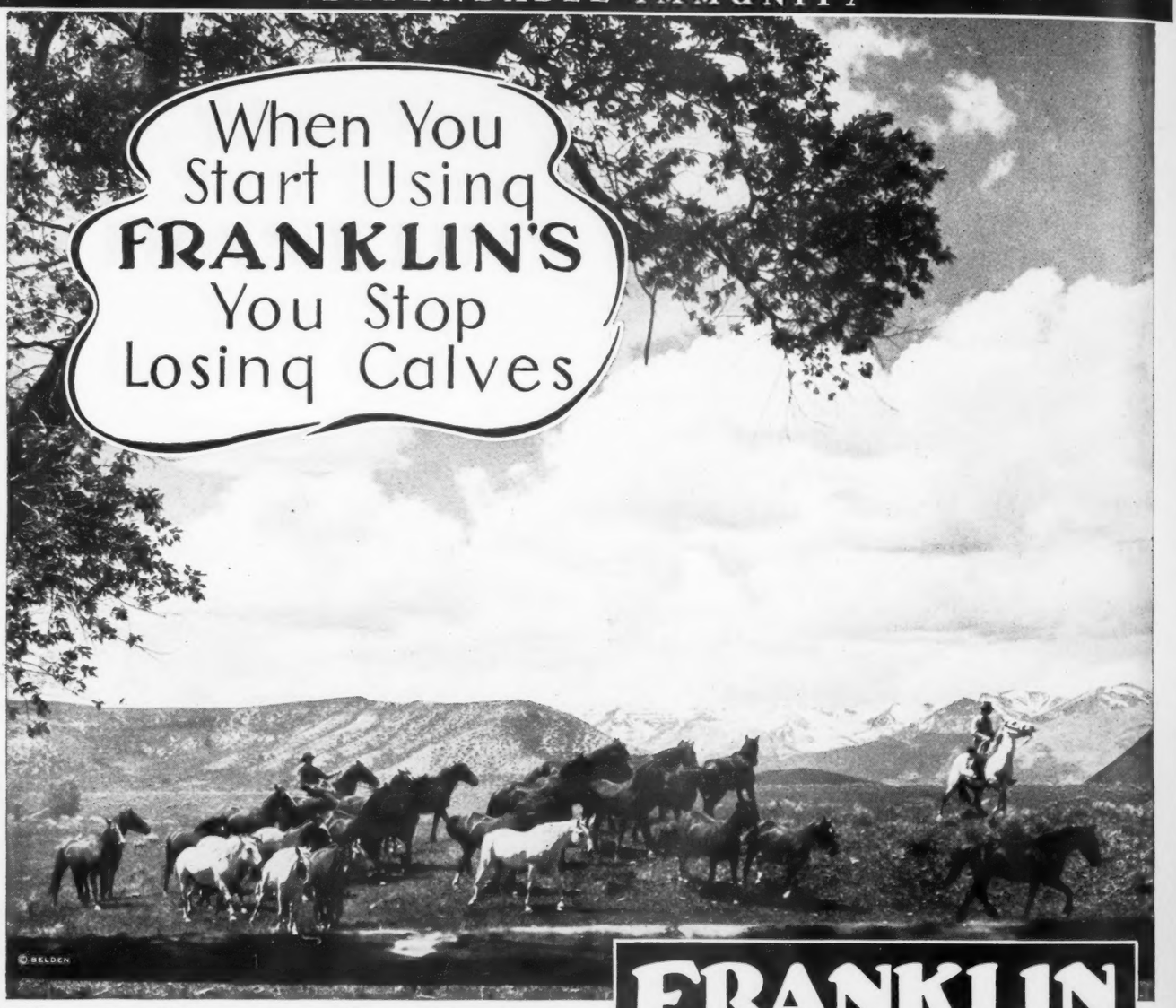


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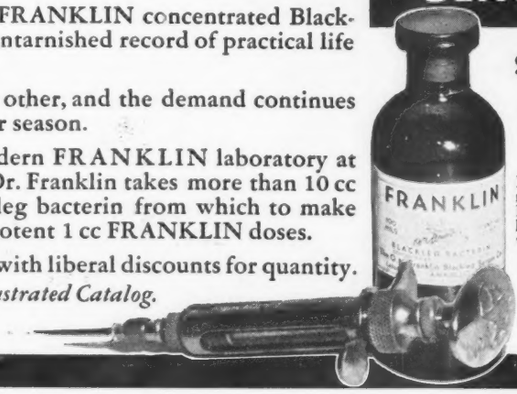
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AMERICAN CATTLE PRODUCER

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Volume XXI **APRIL 1940** **Number 11**

Slowly Move the Wheels at Washington

NO MATTER how great the distance to Washington from our western states, so long as Congress is in session the daily doings there are necessarily of first importance to every western citizen. A report on the status of some of the matters which are of keenest interest to western stockmen is given below:

Reciprocal Trade

The fight over the extension of the Reciprocal Trade Agreements Act, which expires by statute limitation on June 12, 1940, has been transferred to the Senate. Here, fortunately, the matter is being considered on a less partisan basis than was the case in the House. A great majority of the western Democrats in the Senate are already on record as being in favor of some check being placed upon the executive branch of the government in granting an extension of power for the making of trade agreements. It is believed that most of the Republican members will likewise support such an effort and that the vote will be very close. The determining factor will be whether enough Democratic members from the Corn Belt and East will fall in line to create a majority. While various amendments will be introduced, it is likely that the strongest play will be on the Pittman amendment requiring Senate ratification of any trade agreements negotiated in the future.

Farm Credit Administration

S. B. 3480, introduced by Senator Gillette for himself, Senators Hatch, Miller, Mead, and Truman, to restore autonomy to the FCA, will have practically unanimous support from all farm, live-stock, dairy, and co-operative organizations. Despite that fact, chances are not too good of enactment this year. A bill introduced by Senator Wheeler and others, which refers specifically to land bank operations, has served somewhat to confuse the issue; but the main deterrent to action is, first, that there will be little new legislation acted upon and, second, a reluctance to undertake controversial matters in an election year. Many congressmen who are heartily in favor of maintaining the Farm Credit Administration as an independent agency would nevertheless prefer not to be obligated to record themselves this year, at least until it has been shown that the new set-up of the FCA in the Department of Agriculture is detrimental generally to agricultural interests.

Fair Labor Standards Act

The Barden bill, which would more clearly define the wages and hours exemptions of many groups of agricultural producers, including packing-house workers, has strong backing from organized agriculture, but the hurdles before it can be finally enacted are many. It is apparent that no legislation objectionable to labor will be readily given the right of way by the administration. Even the amendments to the National Labor Relations Board Act (the Wagner bill) are having tough sledding, despite the impetus given to the demand for such amendments by the House committee investigation of the board. Action on these amendments and on various pending appropriation bills will also tend to delay progress of the Barden bill in the House, while in the Senate the going in committee will be even rougher.

Transportation Bills

The Wheeler-Lea transportation bills (2009 in the Senate), dissimilar in many respects, were passed by the respective houses during the last session of Congress, but the conference committee did not begin work until after the present session was convened. It has been at it ever since. There is still a possibility that the conferees will not agree upon a bill acceptable to both houses of Congress, or they may simply report back that they are in disagreement. Major points of controversy seem to be the question of regulation of the water carriers, reorganization of railroad lines involving consolidations that would affect railway labor, and a provision of great importance to the live-stock industry, the through-routes provision. The railroads are in discord on the latter item. A few major transcontinental lines resisted a provision to establish the lowest possible through rate by way of the most direct practical route of travel, even though such route short-hauls the originating carrier. Many of the major roads, including practically all the shortline roads, are in favor of such provisions.

Forest Service Legislation

A bill—S. 3532—worked out by the forest committee of the American National Live Stock Association, described elsewhere in this issue, was presented by it to Secretary Wallace. He seemed to be generally in accord with the committee's objectives and so stated, but he had not definitely committed himself to an endorsement of the exact language of the bill. So far as the question of enactment at this session is concerned, much will depend upon the report from Secretary Wallace. Unless he gives it full approval, chances of enactment in the short time remaining are very doubtful. It is the belief of the forest committee of the American National that the bill will do more than anything else which has been proposed to safeguard the interests of our forest users, large and small, against any contingency in connection with the oft-proposed consolidation of grazing divisions. Furthermore, it should operate as an argument against the advisability of transfer to or consolidation with the Taylor Grazing Administration.

Public Land Investigation

A wire from Senator McCarran advises that no date has as yet been fixed for a hearing upon his resolution—S. 241—which is based upon the complaint filed by the American National's legislative committee with the Senate Public Lands Committee. In view of the tremendous interest which the western states have in the public land question, it seems quite likely that an investigation will be ordered which should do much to bring about a more satisfactory handling of all the public lands in line with the original intent of Congress. It would also give the investigating committee first-hand opportunity to learn what serious effect continued government land purchases are having and will have on local government structures and tax burdens. Such a study is past due.

F. E. Mollin

MOLLIN AND BROCK HIT TRADE ACT EXTENSION

IMPORTANT WITNESSES APPEARing in opposition to extension of the reciprocal Trade Agreements Act in hearings before the Senate Committee on Finance included President J. Elmer Brock and Secretary F. E. Mollin of the American National Live Stock Association. Their testimony is given below.

CHAIRMAN. Mr. Brock, you are the president of the American National Live Stock Association?

MR. BROCK. Yes, sir.

CHAIRMAN. I understand that you wanted to make a statement.

MR. BROCK. I have a very brief statement.

CHAIRMAN. You may proceed.

MR. BROCK. My name is J. Elmer Brock. I am president of the American National Live Stock Association. I am here pursuant to a resolution passed by unanimous vote at our annual convention held last month in Denver, Colorado, opposing the renewal of the reciprocal trade act. I am accompanied by a committee composed of the following men: F. E. Mollin, secretary of the American National Live Stock Association; Frank Boice, Sonoita, Arizona, first vice-president; A. D. Brownfield, Florida, New Mexico, vice-president of the National and past president of the New Mexico Cattle Growers' Association; W. B. Snider, Paisley, Oregon, president of the Oregon Cattlemen's Association; Jack Arnold, Birney, Montana, president of the Montana Cattle Growers' Association; William B. Wright, Deeth, Nevada, president of the Nevada Cattlemen's Association; Lawrence Fuller, Wyola, Montana, president of Montana-Wyoming Cattle Growers' Association; Julian Bivins, Amarillo, Texas, past president of the Panhandle Live Stock Association; Jack Nason, Spearfish, South Dakota, vice-president of the South Dakota Cattle Growers' Association. This committee has unanimously agreed to the statement which will be presented by F. E. Mollin, who for the purpose of brevity will testify for our entire group.

CHAIRMAN. Do you change presidents every year?

MR. BROCK. The policy of the association is to change every two years.

CHAIRMAN. How long have you been the president of the association?

MR. BROCK. I was just elected last month.

CHAIRMAN. Haw long have you been a member of the association?

MR. BROCK. For a great many years.

CHAIRMAN. Were you opposed to the law in 1922, if you remember? That is pretty far back to go—when the Fordney-McCumber law was passed? Were you opposed to the tariff at that time on cattle?

MR. BROCK. I don't remember the law, but the industry has always favored protection on cattle.

CHAIRMAN. I was just wondering if at that time it was satisfactory to you and if you appeared before the committee at that time?

MR. BROCK. I did not. This is my first appearance on this question.

CHAIRMAN. Mr. Mollin has been secretary of the association for quite a while, hasn't he?

MR. BROCK. About eleven years, I think.

CHAIRMAN. He would know?

MR. BROCK. Yes, sir; he would know more than I do.

CHAIRMAN. Thank you very much. Is that all?

MR. BROCK. That is all I have.

CHAIRMAN. Is there anything that any member of the committee wishes to ask?

SENATOR JOHNSON, of Colorado. I would like to ask Mr. Brock one question, if you don't mind.

CHAIRMAN. Senator Johnson.

SENATOR JOHNSON. Yesterday a request was made to Secretary Wallace to furnish this committee with some statistics showing the amount of acreage the importation of cattle replaced in this country. Some statistics were offered showing that the cattle shipped in here replaced about, as I recall it, something like 500,000 acres. From the statistics I have been able to get, the importation of cattle in all forms—the dressed beef, canned and live—amounts to approximately 1,000,000 head a year. I believe that is pretty close to an average.

MR. BROCK. That depends on what class of animal you would convert your canned beef into. It would be something over 1,000,000, I think, with the ordinary canning.

SENATOR JOHNSON. Well, taking 1,000,000 as an average, how much hay would 1,000,000 head of cattle require and how much grazing land?

MR. BROCK. Our state is the only one I can give you an answer on. The amount of land that it requires to carry a cow unit for the twelve-month period in Wyoming ranges from forty to ninety acres. The state average is compiled by the University of Wyoming in a study of 500,000 head of cattle, or something like that, and it was an average of sixty acres to carry each cow unit a year.

SENATOR JOHNSON. Would you say that my estimate of one acre of hay land and thirty acres of open range would be about right?

MR. BROCK. That would be correct for my state.

SENATOR JOHNSON. Then that would require about 1,000,000 acres of hay land and 30,000,000 acres of open range, if 1,000,000 head came in replacing that amount?

MR. BROCK. If the range is comparable everywhere to what it is in my own state, that is correct.

CHAIRMAN. Thank you very much. I desire to place in the record at this point a statement submitted by Julian Bivins, of Amarillo, Texas.

"My name is Julian Bivins. I am a member of the legislative committee of the American National Live Stock Association and a member of the Texas and Southwestern Cattle Raisers' Association.

"Pursuant to a telegram, I am directed to present their resolution which was passed at our last meeting at Fort Worth pertaining to foreign trade agreements, which reads as follows:

" 'There is now pending before the national legislature House Resolution 7589 to require ratification by the Senate of foreign trade agreements. In view of the very grave effect trade agreements with foreign nations might have upon the live-stock industry, this association heartily endorses this bill and urges upon the Congress its immediate passage. It is further the sense of this association that any trade agreement affecting agriculture should be ratified by the Senate.'

"Our position will be more amply expressed in the appearance of F. E. Mollin, who will testify in detail."

Mollin Makes Statement

I am secretary of and represent the American National Live Stock Association, with headquarters in Denver, Colorado. I have been secretary of that organization for the past eleven years. That association is strictly a producer organization, and we represent largely the western range cattle producers of this country, although, with the extension of feeding operations into our territory, we also include a good many cattle feeders in our membership. Likewise there are many purebred breeders affiliated with us. Our membership is located principally in the states west of the Missouri River and in the State of Louisiana, with a scattering membership in a few of the states east of the Missouri River. We have affiliated with us more than 100 state, regional, and local live-stock associations, which comprise our main membership, but in addition we have an individual membership of between 1,500 and 2,000.

After I had testified before the House Ways and Means Committee, Congressman Phil Ferguson, of Oklahoma, appeared and stated to the committee that the opinions expressed by me were not representative of the cattlemen in the West. Consequently, I have communicated directly with the officials of the seventeen state associations affiliated with us and with the Kansas Live Stock Association, which has not recently been a member, and I have direct authorization from seventeen of these organizations to represent them in this appearance before your committee. The eighteenth is represented directly here today with us by a member of the group men-

tioned by Mr. Brock. As a matter of fact, practically all of these officials were present at our forty-third annual convention at Denver, held January 11 to 13, 1940, at which the following resolution was unanimously adopted:

"RECIPROCAL TRADE ACT

"WHEREAS, A large majority of our people, and particularly of our agriculturists, is unalterably opposed to reciprocal trade agreements; therefore be it

"*Resolved*, (a) That we are definitely opposed to an extension of the Reciprocal Trade Agreements Act; and (b) That, if said act is extended, it be only on the condition that all new agreements be ratified by the Senate in the manner provided by the Constitution."

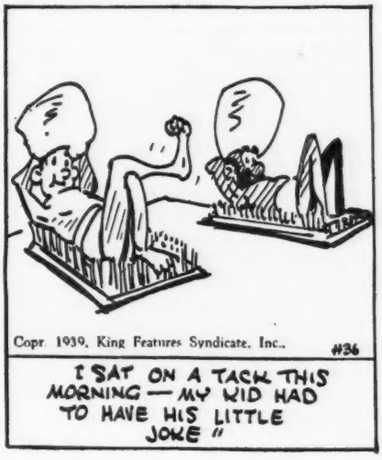
Under the procedure followed in our meetings, any individual of the hundreds in the large convention hall could have requested that this resolution be laid aside for debate, but not a single voice was raised, and, as stated above, it was unanimously adopted.

Abnormal Conditions in Cattle Industry

We have not claimed that the reciprocal trade program so far has caused serious damage to our industry, except in 1936. As a matter of fact, we have had a very abnormal condition during the past six years, as I will explain. We have, however, had a sufficient indication of the workings of the reciprocal trade program as applied to our industry to know that we do not like it and that we would much prefer either a return to the constitutional method of writing a tariff bill, or, if the reciprocal trade act be extended, that any agreements or any extensions of existing agreements made thereunder must be subjected to Senate ratification before becoming effective. Under the present program, there is no stability of operation. If the act is extended, we cannot possibly know today what the tariff on cattle, dressed beef, hides, or other by-products will be six months from now or a year from now. The cattle production cycle is a long one, and operations must be planned at least two or three years in advance. Under the present program we had first a cut of 1 cent a pound in the tariff on cattle weighing more than 700 pounds in the original Canadian agreement. This was followed by increased quotas and a further cut of ½ cent in the tariff on this same class in the second Canadian agreement. Consequently the tariff on this class is now ½ cent below the rate in effect prior to June, 1930. The tariff on calves was also reduced. Then the negotiations with Argentina and Uruguay, recently abandoned—for how long we do not know—proposed tariff cuts on canned beef and hides and many other important by-products of our industry.

I referred to the abnormal condition which has existed during the past six years. That condition is based almost entirely upon the government pig killing program of 1933 and the government drought cattle purchase program of 1934 when more than 8,000,000 cattle and calves were slaughtered. This drought slaughter program liquidated in one year what it would have taken at least two or three years of ordinary marketing to have done. Total hog slaughter dropped from 73,000,000 plus in 1933 to as low as 46,000,000 in 1935, and it was not until last year that hog production got back in full stride. While the decrease in cattle slaughter has not been so pronounced, nevertheless it has declined substantially each year since 1936. As a result, with both cattle and hogs in moderate supply at our markets, until the sharp increase in hog supply last year, it has been possible to maintain relatively high cattle prices despite substantial imports of cattle and canned beef.

The proponents of the trade agreements program cite the fact that cattle prices today are substantially higher than they were in 1934 when the act was passed, ignoring the fact that the farm price of beef cattle was $3.88 per cwt. in 1934, even lower than it was in 1932 and only 25 cents per cwt. higher than the $3.63 farm price per cwt. in 1933, the low spot of the depression, and much lower than at any previous time since the war. But not a shred of testimony has been offered which in any way connects this advance in prices with this program. Instead, to any market observer it is entirely clear that the slaughter situation to which I have referred is almost wholly the responsible factor. Before leaving this subject, I would like to state that the purchase of these drought cattle, in providing funds for which Senator Connally took a most active part, has thus proved itself to have been most beneficial to the industry and, to my mind, clearly justifies the substantial appropriation made for that purpose. Incidentally, this appropriation of more than $100,000,000 was not a dead weight to the government, because in the operation some 800,000,000 pounds of canned beef was acquired for distribution to the needy at prices far below a normal price and far below what it would have cost even a year later. The farm price of beef cattle in 1934 was $3.88; in 1935, $6.21.



Effect of First Canadian Agreement

The first direct application of the reciprocal trade program to the cattle industry came with the making of the first Canadian agreement, effective January 1, 1936, and the effect of same was immediately felt in the markets of this country.

I may say that before that agreement was made the Bureau of Agricultural Economics issued a statement, in the fall of 1935, in which it warned that there would be a large supply of fed cattle available for market the next spring. That situation developed just as it foretold, but the warning was not heeded in the making of the trade agreement.

Following the drought of 1934 a good corn crop was produced in 1935, and in the spring of 1936 there was available for market in this country a large supply of domestically fed cattle. The Canadians, with the benefit of the tariff reduction, began to run in volume about the twentieth of March, and from that time until the first week in June there were large receipts at St. Paul of these cattle, with lesser numbers at other markets. Frequently these receipts ran from fifty to 125 cars per day, with arrivals in this volume generally limited to about two days per week. In almost every instance during that period of some ten or twelve weeks, whenever fifty cars or more of these cattle appeared at St. Paul the market was very sticky. Frequently only part of the receipts would be sold on the day of arrival and the remainder held over to depress the market for the second day. Anyone who is familiar with the central market system of this country knows that when there is an oversupply of live stock on any one market on any particular day that situation is flashed around to all the other markets for the purpose of influencing the trading at all points.

I should like permission to insert in the record at this point a five-page study of the St. Paul market beginning with Monday, April 6, and ending with Monday, June 15, 1936, all taken from official government market reports, showing the result of the heavy importations of Canadian cattle that spring.

I have totaled the receipts of cattle at the St. Paul market, starting on March 28, 1936, and continuing through June 15, showing 233,342 head of cattle received, of which 42,575, or 18.27 per cent, were Canadians. Assuming that these cattle would average in the neighborhood of 800 pounds and that the market decline, due to Canadian receipts, was only 25 cents per hundred, that would indicate a loss to the shippers of that market of right close to $500,000 during those few weeks. As a matter of fact, the constant pyramiding of losses indicated in the study to which I have just referred would indicate that the actual loss would far exceed this amount. When you consider the effect that this situation at St. Paul and a similar situation at Buffalo and the Pacific Northwest had upon

other markets of the country, it is no exaggeration to say that the loss occasioned in the spring of 1936 ran into many millions of dollars.

The above is offered in answer to those who say that the reciprocal trade program to date has not hurt the cattle industry. There is not any doubt that it cost domestic cattle feeders these large sums of money. As evidence that such losses are promptly reflected back to the range cattle producers of our territory, I should like to call your attention to the fact that good-to-choice feeder steers, according to official government reports, were selling in Chicago on October 2, 1935, at a range of $7 to $8.75, while a year later, on October 1, 1936, the same class was reported as selling in a range of $5.75 to $7.75. Common-to-medium cattle, according to the same report, were quoted on October 2, 1935, at a range of $5.25 to $7.25; on October 1, 1936, at a range of $4.50 to $6.

During the same spring at Buffalo there were many weeks during which the number of Canadians offered on the market exceeded the number of domestic cattle. For instance, in the week of March 28 there were 1,948 cattle on that market, of which 1,756 were Canadians.

From the Pacific Northwest numerous complaints reached our office in that period indicating drastic market declines suffered because of Canadian importations. In that territory at times the packers buy a good many cattle direct, and complaint was made that they would send up into Canada to purchase cattle, advertising their arrival for the purpose of attempting to break the market on the domestic supply.

By way of further confirmation of the damage done in the spring of 1936, I hold in my hand a booklet entitled, "Agricultural Outlook Charts," published by the Department of Agriculture in October, 1937, showing that the price of beef steers, choice and prime, at Chicago declined sharply beginning about February 1, 1936, whereas the normal trend in the spring of the year in both 1935 and 1937 was upward. On medium beef steers the decline in 1936 was not so sharp, but the normal upward trend was reversed. The chart on good and choice cows shows a sharp upward trend in 1935 and 1937 and a barely steady market in 1936 during the same period. Medium steers of the Canadian type compete with cows of this class, but any surplus in any class, through the medium of substitution, affects the price of all.

The total cattle slaughter in 1936 was 16,003,000 head, compared with 14,776,000 the previous year. The market registered the difference.

I have discussed in detail the situation in the spring of 1936. It is true that since that time cattle prices have been generally satisfactory. In 1937 our own supply of fed cattle was very light, due to the 1936 drought. In 1938 Canada did not fill the quota because England was preparing for war, and our own slaughter continued to decline. In 1939, with a still further decrease in domestic slaughter, we were able to absorb increased importations without serious price break. The situation that confronts us today is a most uncertain one. Perhaps the war situation will temporarily prevent the dumping into this market of larger foreign supplies, but any advantage thus gained would be thrice offset by the uncertainty of conditions which would prevail following a sudden termination of war. As Senator Thomas, of Idaho, stated, with reference to the reciprocal trade agreement program, upon his recent arrival in Washington: "It is not so much what it has already done as what it is proposed it shall do if extended, particularly in Latin-America, which is a source of deep concern to me." It is likewise a source of deep concern to every cattle producer in this country.

In thus surveying the situation from 1936 to date it is indicated that unusual conditions have obtained ever since the making of the first Canadian agreement. During that period our market has been sufficiently attractive that tariff reductions were not necessary to attract imports. But that does not prove the worth of the trade agreements program nor alter the fact that we shall need the protection of the rates prescribed in 1930 all the more as conditions return to normal and our domestic slaughter increases. Tariff cuts made under conditions such as have obtained during the last two or three years will then, and only then, register their full damage to the industry.

Factors Influencing Market

One thing which cannot be overemphasized is the fact that it is not the total supply on the market which determines the price. It is the supply in relation to the demand. And any surplus, however small, above the normal demand means that prices will be lower, the extent of the decline depending largely on the extent of the surplus. This price decline applies to everything in the market, not just to the surplus. Oftentimes, due to such situations we find market declines out of all proportion to the actual numbers or the amount of surplus involved. I cite this fact because we are repeatedly told that the importations of cattle and cattle products are small in relation to our total supply in this country, the inference being that consequently they can cause little, if any, damage.

In the February 10, 1940, issue of "Foreign Crops and Markets," on page 161, is shown a table of "Imports of Cattle and Beef and Domestic Slaughter of Cattle and Calves, All on Dressed-Weight Basis." This table shows that the imports of cattle for the year 1939 were the equivalent of 220,818,000 pounds of dressed beef — 90,000,000 pounds more than for the year 1938—that the imports of canned beef were the equivalent of 214,670,000 pounds of dressed beef; that, in other words, we imported in the can almost as much beef as the 753,570 cattle which came in on the hoof; and that the total imports of beef on a dressed-weight basis of 440,092,000 pounds were equivalent to 8.2 per cent of the federally inspected slaughter for the year 1939. In 1932 these imports on this basis were only 1.9 per cent of the federally inspected slaughter and in 1934, 2.3 per cent.

We do not claim that these imports are all due to the reciprocal trade program. Part of them are and part of them are not. The effect on the market is the same. Suffice it to say that the competition in the domestic market is already heavy. A substantial portion of this amount has come from Mexico, which country benefits from the trade agreements made with Canada but gives nothing in return.

While I am referring to Mexico I should like to call your attention to the fact that for the year 1939 our imports from Mexico of cattle weighing between 200 and 700 pounds were 390,074 head, compared with 233,752 a year ago. The tariff has not been reduced on this classification, and it seems to me no better evidence is needed that the tariff rates established on cattle in 1930 were entirely reasonable and were not in any sense barriers to trade.

The quarterly quota provision of the second Canadian agreement has failed to protect the American producer in the manner intended, due to what I believe is a flagrant misinterpretation of Sec. 557 of the Tariff Act. Under this proviso for "warehousing in bond," when the quota is filled, imports do not cease, but come in under bond, awaiting the next quarter's quota. Theoretically, they are under government lock and key. Actually they are not, and in effect in the filling of pastures, etc., are in direct and immediate competition with domestic cattle.

Scientific Tariff Making

It has been claimed that only under the reciprocal trade program can really scientific tariff-making be followed. We do not see anything very scientific about the manner in which the cattle tariff has been reduced. The rates prescribed in 1930 were 2½ cents per pound on stocker and feeder cattle weighing less than 700 pounds and 3 cents per pound on cattle weighing more than 700 pounds.

A great many of the cattle which entered under this latter bracket were of beef type, ready to go right to slaughter. Under the two Canadian trade agreements, the rate on the heavy cattle —finished product—has been reduced to 1½ cents per pound, the maximum reduction possible, while the rate on light cattle, unfinished—the raw material—remains at 2½ cents per pound.

Another instance which might be cited relates to canned beef. The tariff on canned beef in 1930 was set at 6 cents per pound, the same as the tariff on dressed beef. The latter was in balance with the tariff on live cattle, but the canned beef rate was too low and entirely out of line with the tariff on dressed beef

(Continued on page 36)

OBSERVATIONS ON MEAT INDUSTRY ECONOMICS*

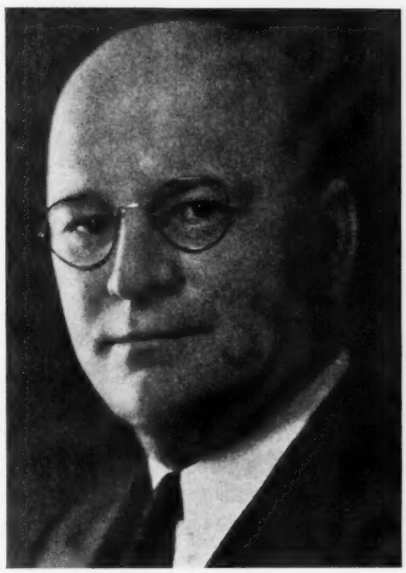
By OSCAR G. MAYER

President, Oscar Mayer Company, Chicago

I FEEL VERY MUCH THE INTERloper in this select circle—somewhat like a commoner inadvertently straying into the House of Lords. I am merely a hogman. Although I profess the greatest respect for the cow and the sincerest admiration for a bull, it takes a hog to involve my affections. But all of our domestic animals, not overlooking the lowly sheep, are splendid characters, and I think we have all benefited through our close association with them.

Moreover, I cannot tell you anything about your business, often wondering how much I know about my own. But, since the packing industry into which I was born and in which I have worked thirty years is the phase of the great meat industry which directly follows yours, you might be interested in some of the economic problems which it appears to encounter. On second thought, I should say that these problems are yours just about as much as ours.

My interest in and admiration for the American meat-packing industry increase as I become more and more impressed with the important role which its unique policies and courage have played in building the American livestock industry to its pre-eminent position in the world. Nowhere else in the world is there anything just like the American meat-packing industry. The large-scale beef operations in Argentina and the sheep operations of Australia and New Zealand are simple compared with it. Throughout Europe the meat business is almost entirely in the hands of slaughtering retailers who use the municipal abattoirs, have no great investment, and buy live stock only as they need it for their retail trade. They employ quick cures, make sausage of their trimmings and offal, and store practically no product. Their mode of operation is roughly comparable with that of our country butchers and reflects of course a per capita consumption of meat much smaller than that of the United States.



Oscar G. Mayer

Uses Advanced Techniques

Contrast this set-up, which prevails practically throughout the world, with the swing and dash of the American meat-packing industry. It has maintained a standing offer for the last seventy years to take any and all live stock offered by anyone at any time—for cash. It processes the eighteen to twenty billion and odd pounds of live stock tendered it annually with the most advanced techniques ever developed anywhere.

It distributes practically all the beef, veal, and lamb and most of the pork promptly to every city and village in the nation while storing a part of the meat and lard in the winter season against the period of reduced production in the summer and early fall.

The meat packer provides the farmers of the nation with their best cash market, accounting for the largest fraction (25 per cent) of the annual farm income. He converts their live stock into eminently usable consumer products and, as the farmers' sales agent, obtains the best possible returns for them. He stores at the peak perhaps 1,250,000,000 pounds, or $200,000,000 worth, of pork and beef products and thus takes from the producer some of the risk of price declines. He sells the producers' meats to about 200,000 retailers for the daily use of 100,000,000 consumers. No industry touches the lives of the entire nation more intimately and serves it more faithfully.

Principles from Practice

Yet the economics of this unique industry, the annual sales of which are seldom exceeded by those of any other in our nation, have not yet received the attention they deserve. The subject should have occupied more good minds in the past, not only because of its importance to our national life, but because of its sheer fascination. Dilettante sallies into this field by some people have not begun to satisfy this subject nor do it justice. The economic raw material is worthy of the attention of the best brains in the country, but it must be approached with scientific thoroughness and detachment.

So it happens that such principles as have been worked out in this infant science have been developed almost entirely by men in or closely associated with the industry. Our Institute of American Meat Packers has been helpful and will, I hope, be more so in the future, to the end that we packers may perhaps some day be able to say that the theory of our industry is as well established as are the principles of structural mechanics or electrical or chemical engineering.

Our economic studies began in the early twenties. Under the stimulation of the late and deeply lamented William Whitfield Woods, we packers found ourselves, about 1923, giving a series of weekly lectures to capacity audiences at the University of Chicago on various aspects of the meat industry. Since there was at that time only one twenty-year-old book on the industry, we were literally forced to use our own heads to find something to say to our audiences. These lectures embodied the first halting attempt by the industry to give expression to some of its first principles. These studies have been continued, though not as diligently as many would like to see. But a number of important economic truths are now pretty well accepted and form an important foundation upon which to build new truths as yet unknown or only partly discovered.

Perishables Flow Unchecked

One of our earliest economic discoveries was that we deal in a perishable flowing through our plants in an uncheckable stream. While we can dam a part of this flow for a period of months, the overwhelming proportion (from 75 to 80 per cent) is and must be sold and eaten within a week or ten days.

Next we note that the industry has no control over its supply of live stock, which is in the nature of a crop intimately related to the corn crop, of which it is a sort of sublimation. Here we stand in contrast with that large group of industries which acquires its raw material in accordance with its ability to sell, like the aspirin maker, who undoubtedly attunes his raw material purchases to the national headache. We cannot regulate nor even predict the flow of live stock to market, because each of the 6,000,000 live-stock farmers of the country markets his stock when he pleases, and also because live stock, in contrast to all other crops except poultry, may be marketed in any stage of maturity.

Meat and live stock must therefore be defined as "perishables in uncontrolled supply," which economists (and meat packers, too) say must be sold for what they will bring. "Uncontrollability" is

*Address delivered at convention of American National Live Stock Association, Denver, January 11-13.

really the important distinction. Bread is perishable, but it is stable in price because it is produced only as needed. It is in controlled supply. So are bottled milk, a ham sandwich, and many other food items. Perishables in controlled supply are in an economic sense not perishables at all but partake of the economics of non-perishables. But meat is like strawberries or fresh vegetables, in that its price level must be such that the capricious supply moves into consumption before spoilage sets in.

The next point of economic interest is that meat enjoys a highly elastic quantitative demand. Here it again contrasts with bread, which people buy in rather stable quantities irrespective of its price. For lean meat the appetite and need of the American people has apparently never yet been satisfied. We packers know that they will eat all they can lay their hands on and that if the price were somewhat too low they would eat up all the meat in the land. A relatively slight reduction in meat prices has a promptly stimulating effect upon demand. Contrariwise, price advances progressively reduce consumption.

In other words, the American housewife buys as much meat as she can afford. She buys it not so much by the pound as according to the money in her purse. Her buying power determines the price obtainable and in return determines what the packer can pay the farmer for his live stock. With a perishable in uncontrolled supply, it all works back from the consumer—not the other way round, as some people are wont to think.

An Important Discovery

The interesting relationship between buying power and meat prices is one of the newer discoveries in meat-packing economics. Up to five or six years ago it received no recognition that I can remember in the discussions of the industry. In my opinion it is easily, from a practical standpoint, the most important economic discovery thus far made in our industry, and now awaits only sound application. If properly used, it should, like all truths, help packer, producer, and consumer to a pleasanter and less hectic meat-wise existence.

It is indeed an interesting fact that over the last fourteen years (1925-38, inclusive) the retail value of meats and lard, as computed by the Institute of American Meat Packers, has hovered with surprisingly small variation around 5 per cent of the realized national income, as computed by the National Industrial Conference Board. The actual average was 4.88 per cent, with most years very close to the average. These data are shown graphically in Chart 1. It should be said also that the wholesale values of meat and lard realized by the meat industry also fluctuated within narrow limits around a definite percentage of the realized income.

Just why we are in the habit of spending about 5 cents of each dollar of the realized national income for meat and lard has not been authoritatively explained. I should like to see some one bring in the answer. But for our purposes today it is sufficient that it is so.

It opens up interesting statistical possibilities for our industry which not many industries can boast, for it permits straight use of the equation: percentage of national buying power used in the purchase of meat divided by meat supply equals price, to develop appraisals for the industry. This equation, shown in Chart 2, analyzes into two components: (1) that meat and live-stock prices vary directly as buying power and (2) inversely as supply. When both work together, the answer is the resultant of the two forces.

The interesting, almost uncanny operation of these two components is graphically shown in Chart 3.

It will be noted that during the years 1925 to 1929, with buying power and meat supply remarkably stable, meat prices show practically no change. From 1929 to 1933, a precipitate decline in buying power took place while meat supplies remained quite steady. The equation would, under these conditions, require prices to move directly as buying power, which they certainly did.

In 1934 the factor of reduced supply took hold, which, coupled with rising buying power, moved meat prices up sharply. Since then we have had a most interesting interplay of rising and falling buying power and supply, each infallibly exerting its influence. There could be no prettier illustration of the operation of an economic law than this.

Since the meat industry's percentage of the national income is practically constant, the money income available to it is predictable to the extent that the national income can be forecast. Thanks to the ever improving work of federal and other statistical agencies, predictions as to probable buying power are becoming better all the time.

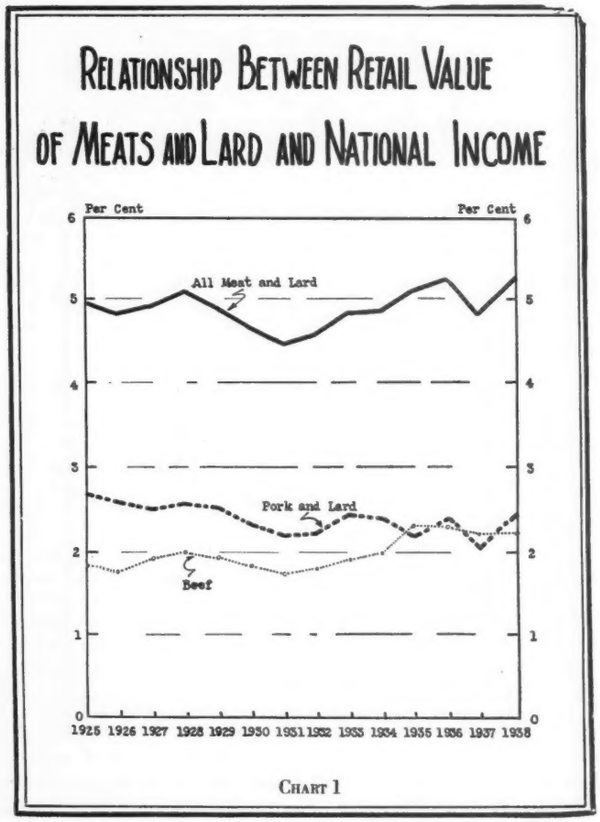


CHART 1

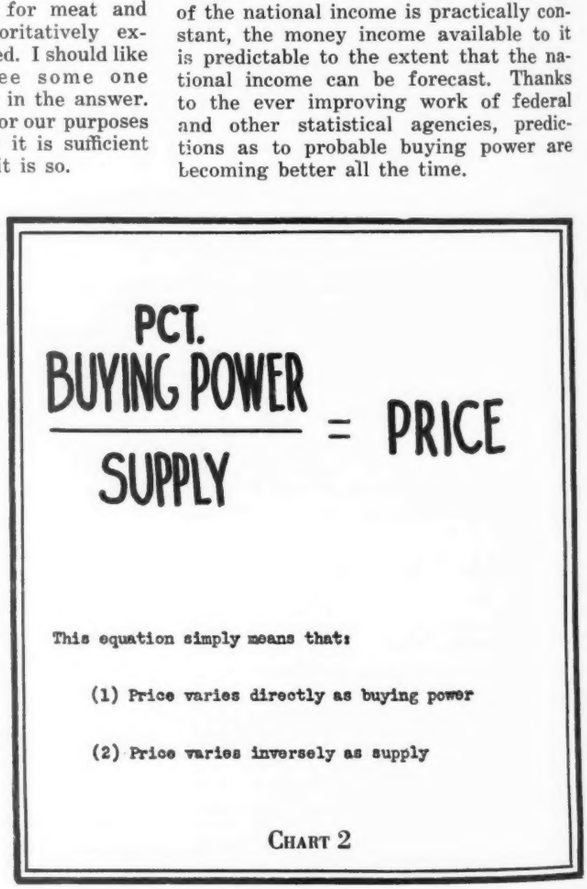


CHART 2

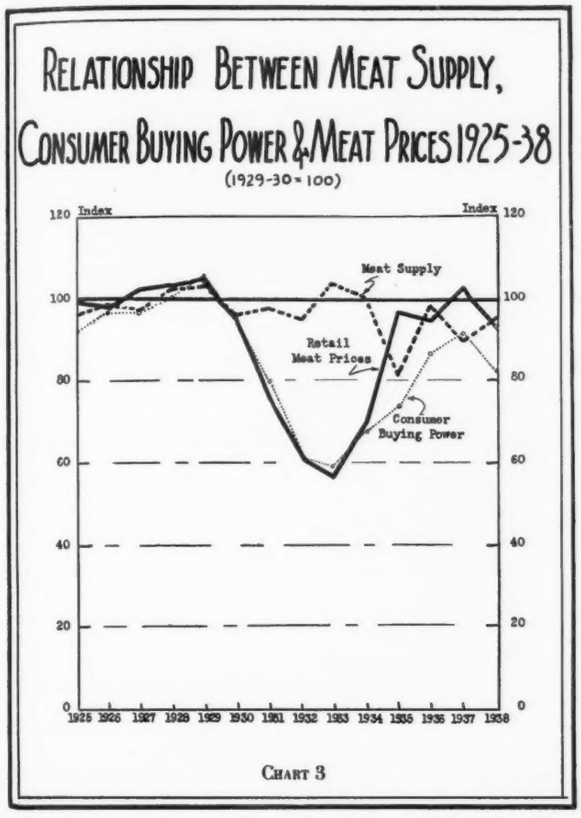


CHART 3

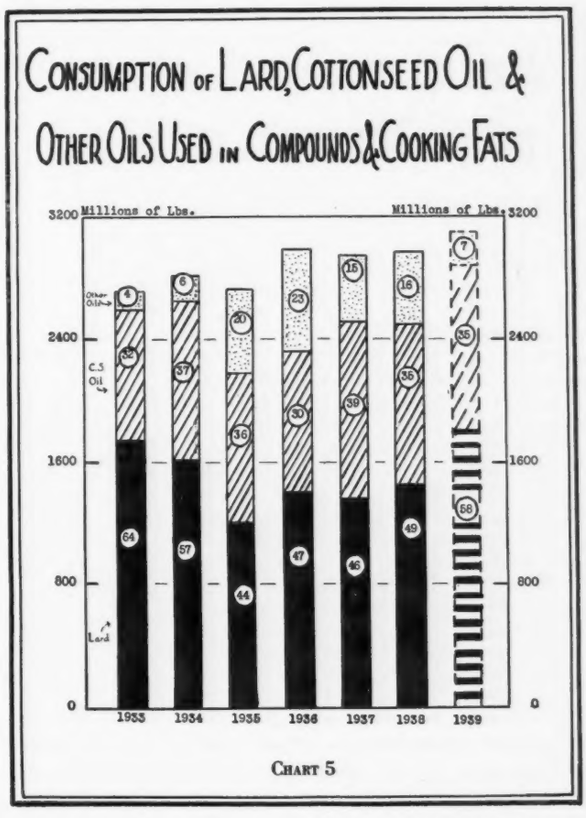


CHART 5

And on the supply side some truly remarkable work has been done by the federal Bureau of Agricultural Economics in recent years. With tens of thousands of reports by crop reporters and rural mail carriers and with expert allowance for understatement, the bureau has predicted the federal hog slaughter with surprising accuracy during recent years. In the hog year just ended the bureau's prediction of 40,000,000 head made last January was correct to within less than 1 per cent. Similarly, the estimates of cattle, calf, and lamb slaughter have been quite dependable.

By placing the foregoing data into the equation, percentage of buying power divided by supply equals price, competent statisticians have been able to compile appraisals of live-stock and product values which are a distinct guide to executives. The work is usually done with so-called index figures, which are simply percentages of previous base figures and easier to work with because they permit ready comparisons. Thus, using these indices, it may be said for illustration that, if this year's buying power index is 10 per cent higher than that of the year just ended and supply is 20 per cent greater, then by dividing 110 by 120 a price index of 91.6 is obtained, indicating that under this set of conditions prices would have to come down 8.4 per cent to move the greater supply into consumption. If buying power moved up by the same percentage as supply, little change, if any, in price level should occur.

A corollary of this reasoning would be the following: Since the meat packer, and through him the live-stock producer, have captured each year only a given percentage of the national income, increased buying power, i. e., greater industrial or urban prosperity, is the automatic and dominating formula under which producers can obtain greater total income from their live stock. Too much emphasis has been placed on price in recent years, while total income has been overlooked. Curtailment of meat supplies will bring about higher prices, to be sure; but under the application of the economic formula above mentioned, it does not increase the farmer's total income from live stock, for this is dependent upon the national income. Restriction of agricultural production may rather work in the direction of diminishing the farmers' income by cutting down activity in the agricultural processing, transportation, and related industries, thus reducing buying power.

Harking back briefly to 1932 and 1933, the drop in hog prices to around 3½ cents per pound was not due to excessive supplies but to the fact that the national income tobogganed to $38,000,000,000 from around $80,000,000,000 in 1929. Had national income remained up, this hog crop, under the formulas above mentioned, would have sold for around 7 cents per pound.

Law of Action and Reaction

Price appraisals for different meats such as beef and various cuts of pork have been worked out by expert statisticians associated with the industry. These appraisals simply indicate what live stock and various meats are worth on the basis of existing purchasing power and expected supply. In point of fact, meats seldom sell at their appraised values, but if prices are definitely above the appraisal for any length of time it means that they will probably fall correspondingly below their appraisal in order to move out the accumulation resulting from a price structure higher than public buying power could support. The converse situation obtains when the price structure is lower than appraised. This is simply the law of action and reaction.

The formula and the data at hand today leave the packer little excuse for not approaching scientifically his problem of marketing the year's crop of live stock. Why does the federal government go to the trouble to give us live-stock surveys, live stock on farms, buying power indices, and all manner of supporting statistics if not to enable us to assemble them into an intelligent working formula for the benefit of the live-stock and meat industry?

You might be interested to learn that the year just passed brought problems to the packers because of the adjustments necessitated by the tremendous increase in a new process: the quick curing of hams. In a way, this change may be likened to that experienced by the auto industry when Duco reduced the painting time of cars to days instead of weeks. We now find hundreds of jobbers, smokers, and boilers curing the hams and picnics they formerly bought

cured from packers. The situation is undoubtedly here to stay. With green meat sales taking the place of cured, the packer must watch his hog cut-out with added care. There is no chance to recoup a loss out of a sold carcass.

New Economic Problem

Another unusual phenomenon was brought to light in the revolutionary year just past. During practically all of my experience in the industry, the light belly (the raw material for choice bacon) was the cock of the walk. It generally sold for from 2 to 4 cents over the ham and much over the picnics. For most of last year, choice bellies have sold greatly below hams and even picnics, and packers have been nonplused by this amazing change. It constitutes a new economic problem for which the answer must be sought.

The theory has been advanced that, from the standpoint of price behavior, bacon must be classed as a member of the fat group of meats, for it is 60 to 80 per cent fat. This fat group includes also D. S. bellies, fatbacks, jowls, plates, and lard. These products were more heavily produced this year, on account of the increase in the corn crop and in hog numbers. But reduction in price did not produce the corresponding increase in demand characteristic of the lean meat group, which comprises beef, veal, lamb, fresh pork, hams, and picnics.

Failure of the fat group to respond to price reduction is explained by the fact that the human physiological demand for fat, while very insistent up to a certain point, is not highly elastic. Housewives do not use much more shortening even though the price goes down. This is borne out by Chart 5, which shows that the demand for edible fats in the United States has remained right around 3,000,000,000 pounds per annum for the last six years, the deficiencies in domestic supply being made up by importation.

We seem, therefore, to face the fact that we have in an economic sense two groups in the meat industry:

1. The lean meat group, comprising beef, veal, lamb, fresh pork, hams, and picnics, the demand for which is highly elastic, i. e., highly responsive to price changes; and

2. The fat group, comprising bacon, all the fat cuts and lard, the demand for which is relatively inelastic, i. e., much less responsive to price changes.

That this may well be true is indicated by the failure of the fat group to respond this year to price reductions much greater than seemed warranted. As indicated by Table No. 1, the value of the fat group of pork cuts has almost steadily declined since 1925 relative to the lean group. Decline in exports, especially since 1933, has had its effect, but changes in the esteem of the American public for lard may also have been a factor.

I was to some degree prompted to present this paper because I feel that this world belongs more and more to the scientist and the engineer—the groups which study basic laws to find the best way to get things done. The meat industry must seek out and heed its basic laws if it wishes to secure better control over its problems. And so I earnestly urge further study of the statistics and economics of the industry. While we now know a few things, we are still, economically speaking, in our swaddling clothes.

Index of Numbers of Value of Fat and Lean Pork Cuts
(1928-29=100)

	180-220-Pound Hog			250-290-Pound Hog		
Meat Packing Year	Fats Group	Lean Group	Total	Fats Group	Lean Group	Total
1925-26	135	118	124	128	116	121
1928-29	100	100	100	100	100	100
1933-34	66	59	61	64	60	62
1937-38	80	87	85	77	85	82
1938-39	60	75	70	56	75	68
November	69	74	72	72	79	77
February	63	84	77	59	81	72
May	57	72	67	52	71	64
August	47	70	62	40	68	57
September	73	88	83	68	93	83
October	56	73	67	52	81	70

TABLE No. 1

Operates at Subnormal Profit

Despite casual statements sometimes heard, the fact remains that the meat-packing industry has, as a whole, operated at a subnormal profit for the last fifteen years. During this period the average return for the entire industry, as reported by the Packers and Stockyards Division of the Department of Agriculture, was only about $25,000,000 per year—3.8 per cent on invested capital, 0.8 cents per dollar of sales or about 1/6 cent per pound of meat sold. Ten or fifteen individual American companies in other lines, including Coca-Cola, generally show greater annual earnings than the entire meat-packing industry, whose annual dollar sales are almost uniformly the highest of any American industry (about $3,045,000,000 in 1938).

The rate of return of the meat-packing industry does not give the industry the leeway it should have for research, advertising, and other possible improvements. A proper increase in net earnings of $10,000,000 to $15,000,000 per year over the $25,000,000 above mentioned would have no palpable effect on producer income nor consumer outlay and would enable the industry to do many things it cannot now undertake.

Perhaps the application of some of the economic principles I have mentioned might help in this direction.

Having now completed what I had to say concerning the economics of the meat-packing industry, I should like to enlarge somewhat upon the point that, since the live-stock producer captures a rather definite percentage of the realized national income, his best bet is to do what he can to increase industrial and urban purchasing power. He must remember that agriculture started out as a subsistence industry and that it is the growth of industrial and urban activity which transformed it into a vast and for many a paying business. A farmer does not sell much to other farmers. He must look to the industrial worker for his outlet.

How to Increase Buying Power

How then can urban buying power be increased? Historically, there are two ways in which this has been done:

1. Through the expansion of existing industries and

2. Through the creation of new industries.

Taking No. 1 first, existing industries expand partly through the growth of population but principally through the invention of machines and processes within the industry which step up production, reduce costs, and thus place the products of the industry within the buying range of more people. A perfect example of this is the silk stocking industry, whose product has, by the invention of amazingly ingenious machinery, been reduced in price from around $3 to $4 a pair twenty-five years ago to from 59 cents up today. This has stepped up the demand per lady from possibly three pair to twenty-five to fifty pair a year. At the same time an increased sense of well-being and pleasant esthetic value has been provided. Truly a splendid achievement! Hundreds of other industries can point to a development similar to this in the past fifty years.

The second method, the creation of new industries, has been characteristic of our economic history during the past century but has been particularly evident during the last sixty years which mark the almost incredible epic of the introduction of the telephone, electricity, the automobile, the moving picture, the radio, and the airplane. Nobody knew or wanted these things until they were offered to us. Today they actually constitute the core of our modern life and they employ a very large proportion of our population.

Both the improvement in old industries and the development of new are directly traceable to the spirit of research and to the irrepressible convic-

tion on the part of a small select group of inventors and entrepreneurs that "nothing is being done as well as it can be done." They are the pioneers who lead us to a better life.

Lag in Development

During the last decade, however, there has been a noticeable lag in the development of significant new industries. This, I believe, has had much to do with the harrowing problem of unemployment and the drop in the national income which has befallen us, with unmistakable effects upon agricultural prosperity. The long-range solution of the problem of building up our national income to the $80,000,000,000 or $100,000,000,000 point devoutly desired seems to me to lie largely in the direction of systematized research.

Efforts to spread work and thus give more people a livelihood are helpful but do not increase the national income, except to the extent that they stimulate further efficiency and/or increase production. Both agriculture and industry must agree that unemployment is the burning problem of the day and that industry must be put back into a position where it can provide employment.

There has been a lack of appreciation of the contribution which intensified research could make towards solving this problem. Chemurgic research, i. e., the research for new industrial uses for farm products, is of great value to the farmer, but he must bear in mind that successful research of any kind is good for him. An inkling of what can be done can be sensed from the results achieved by some of our great private research laboratories, such as DuPont, General Motors, Bell Telephone, and others, whose notable contributions have distinctly raised the tone of our country. But their work is from a national standpoint not big enough. It merely scratches the surface.

Laboratories Should Be Organized

Our entire country should be organized into a vast, co-ordinated research laboratory, consisting of thousands of units, some operating under the federal government, many under the universities and research foundations, and thousands in industrial plants throughout the the country. Furtherance of a vast research program of this type is, in my opinion, a legitimate function of the federal government. I venture the statement that, had we, as the gamblers say, "shot" $100,000,000 per year on a systematic research program since 1930, we would by this time have gone a long way toward eliminating our unemployment problem and the many billions of man and capital power it has cost us.

It is of course never too late to begin. The government should, in first instance, do research of its own on a much larger scale than in the past. The four new agricultural laboratories just swinging into action are a highly commendable step in this direction. Industrial discoveries which the government makes should be patented and licensed to responsible concerns at proper royalties, the income to be used for further research. The University of Wisconsin Research Foundation, which derives the major part of its income from royalties on the vitamin D patents of Professor Steenbock, is a splendid example of this idea in the working.

Our national research program and policies should be deemed important enough to be placed under the supervision of a non-political public commission which would co-ordinate all public research and give guidance and help to private research where this was desired. Out of an annual appropriation of say $100,000,000, the research commission would be empowered to make grants up to 50 per cent of the annual operating cost, properly to qualified private industrial laboratories, large and small, throughout the country. The program should not be construed as a free and easy subsidy but rather as a stimulant to popularize and democratize research. Incidently, it would create a great deal of highly interesting employment for a sizeable portion of our university graduates. The projects to be studied would have to be in line with sound national needs and policies. In general, the thought would be to encourage the type of development more apt to amplify than to displace existing industry, but too much limitation would be a mistake.

In return for its assistance to private research, the research commission would receive a beneficial interest in successful patents, these funds to be used for further research. Provision should also be made in the grant that successful cooperative inventions would have to be licensed to other members of the industry on a reasonable royalty basis after one year of exclusive use by the inventor, in the enlightened manner of the automobile people, which has done so much to accelerate progress in that industry. The government would of course participate in royalties received by the patentee from other users. It is my belief that in that way the government's research corporation would in due course become not only self-supporting but profitable.

Some inventions and discoveries made by the government or its associated corporations could probably in time of prosperity be withheld from production to be brought out during the next period of recession. (You will note that I assume that when this plan gets going we would have no more depressions, merely recessions.) A supply of useful inventions would, in my estimation, be a good substitute for, or at least a good supplement to, a public works program to pull us out, because the products of research would have reproductive economic value capable of giving weekly support to those working on them.

The annual appropriation for research would have to be viewed with a liberal attitude by Congress and the people, the only concern being that the money all went into honest-to-God research. We would have to take a sporting chance on the results. No one could foretell how many significant discoveries, if any, would be made in any one year.

Raise National Income

This long range research program would, I feel, greatly aid in raising our national income to the coveted goal of $100,000,000,000 or over annually by providing many new useful commodities and dispelling unemployment in their making. Many new uses for the products of the farm would probably be discovered. The raising of urban and industrial income would automatically raise farm income. That, I repeat, is the only way I believe it can effectively be done. The diminution of unemployment through a vitalized industry would in time cancel the need of WPA and relief and would greatly reduce unemployment insurance costs. Taxes could again be lowered and the budget balanced and we would find ourselves back in the pay-as-you-go way of life in which we somehow got along for 150 years before the thirties hit us.





THE RAILROADS AND THE LIVE STOCK INDUSTRY*

By J. T. SAUNDERS

Vice-President, System Freight Traffic, San Francisco

IT IS A GREAT PLEASURE TO ADdress this convention of the American National Live Stock Association, whose membership includes so many men who are my friends and for whose abilities I have such a high regard, particularly my distinguished friend Hub Russell, your retiring president, whose path and mine have been so close together for many, many years.

You represent a great industry, the daily problems of which call upon you to be resourceful and make you men who learn confidence in your own ability to meet the future and what it holds with courage, come what may. I admire these qualities and the men who possess them.

No one familiar with your progress could fail to appreciate and be impressed by your constructive efforts for the advancement of your industry.

In the fields of breeding for quality you have made great strides. Your cooperative efforts with other branches of the live-stock industry through your institutes, colleges, schools, and other similar agencies have been impressive.

But, most of all, I believe you are entitled to great praise for the vision that conceived and the persistence that carries on the splendid work being done with the young men and women who, through the club activities, are learning in the sound school of practical production to carry on your tasks when the time comes to you, as it must to all of us, to pass on to others the burdens that we must put aside. You at least have met the challenge of providing able succession. All industry could well take heed of what the live-stock industry is doing in this field.

Outlook for 1940

At this time it appears that the year ahead gives promise of some improvement over 1939. The statisticians and the economists predict a farm income, including that received by producers of live stock, in excess of last year. Generally speaking, the same may be said of the railroad outlook. We must not, however, overlook the fact that the conditions that confront us today, particularly in the light of the troubled times abroad, are capable of changing with great rapidity. It is certainly to be hoped that nothing will happen to drive away the present promise of improvement.

There is one thing that both our industries need and which would do more than anything else to improve our situation. That is a restoration of the former levels of consumer buying power. Notwithstanding the promise of improvement, we are still a long way from the solution of our problems as long as consumer buying power is curtailed to the degree that it is today. We would be less than frank if we failed to state definitely that the outlook in this respect while hopeful is far from reassuring. The President of the United States in his message to Congress on Wednesday last week commented upon the fact that the current levels of production measured by the Federal Reserve Board index are substantially equal to those prevailing in the last year of great prosperity, 1929. Notwithstanding this fact, upon the following day he appeared before the Congress and submitted a budget calling for expenditures of over $9,000,000,000 in the fiscal year 1940 and almost $8,500,000,000 in fiscal 1941, a great part of which covered expenditures to meet the ravages of conditions that confront us for which no solution has yet been found. These facts must naturally cloud our outlook, and their impact is heightened by the troubled conditions in foreign lands. We must of necessity, therefore, rely more heavily than otherwise upon the present promise of some improvement of conditions in 1940 as compared with those we had in 1939.



J. T. Saunders

Railroad Outlook for 1940

I am naturally more familiar with the details of cause and effect of conditions in the railroad industry upon the outlook for the coming year. The railroads continue to be in bad shape, due primarily to two things: First, the general condition throughout the country and the economic conditions requiring correction and solution; second, the competitive conditions in the field of transportation and the imperative need for vigorous action looking to the solution of our problems which must be solved before a sound system of railroad transportation, so essential to our country's welfare, can be assured for the future. Happily, however, the knowledge that these conditions must be corrected is now pretty generally recognized. The railroad bills now in conference committees of Congress if enacted into law will materially improve the legal structure under which railroad operations are conducted from the standpoint of affording a more equitable opportunity for the railroads to meet competitive agencies of transportation. Their prompt enactment is most important.

Many Years of Regulation

We have been regulated for many years. We were once, by and large, the only important agency of domestic transportation. That day is gone forever. But the legal conception of regulating railroad transportation as a monopoly has been slow to change to meet new transportation methods.

Nor is regulation the only field of discriminatory treatment against rail transportation. The Illinois Central Railroad was once one of the great strong railroads of this country. The competition of government-owned and -operated barge lines on the Mississippi has almost wrecked it, and this instance of government in business is not the only one. In other parts of the country we find the same story. In December last year, La Guardia Field, or North Beach Airport, at New York opened. It cost about $40,000,000, all public funds. At Los Angeles last May, a union passenger station was opened for service—cost, $10,000,000 of Southern Pacific, Union Pacific, and Santa Fe money, spent by the railroads upon order of the Interstate Commerce Commission.

In the final analysis all a transportation agency does is move persons or property from one place to another. As far as the economic act of transportation is concerned, there is no difference whether the movement is by rail, by truck, by water, or by air. But we have operated for many years with burdens imposed upon us that made it impossible for us to meet adequately the competition of other agencies of transportation doing the same things that we were doing. Our competitors have been more favorably treated from the standpoint of regulation, taxation, and opportunity, and this has contributed in great degree to the present difficulties of the railroad industry. These conditions must be remedied.

I am not talking a foreign language when I talk competition to live-stock

* Address delivered before convention of American National Live Stock Association, Denver, Colorado, January 13, 1940.

men. You produce to sell in perhaps the most competitive market that exists today—the market where the housewife spends her food dollar. You find in that market the competition of innumerable producers of foodstuffs, each striving to increase the share he gets of every food dollar spent. You find competition from organized campaigns backed by extensive advertising to increase sales of products competitive with yours. The test of your success is in the records, and, while of course you do not get what you think you should, the progress you make is a spur to continued efforts to achieve your goal.

Truck Competition Intense

The emphasis I have placed upon your competition and mine has been for a reason. I want to point out that your industry has been the creator of some of my industry's most intense competition and the losses to us occasioned thereby. I refer of course to the growth of live-stock trucking.

In the ten-year period 1928 to 1938, the live-stock tonnage originated on the Class I railroads of the United States decreased 55 per cent. In the same period the truck deliveries to primary markets increased 265 per cent.

In the corresponding ten-year period 1927 to 1937 (1937 being the last full year for which figures were available to me), live-stock slaughter in number of head decreased only 4 per cent.

Today, in other words, compared with ten years ago live-stock slaughter is about the same in number of head, rail-originated tonnage is less than half, and truck deliveries are over two and a half times as much. No more perfect illustration of the impact of competition upon an industry could be found.

This recital raises two questions immediately: First, why the diversion? second, what has been the result to the railroads? An analysis of these questions is the answer to the problem of the relation of the railroads to the live-stock industry.

The shifting of live-stock transportation to trucks from the railroads has been due to four causes: Speed in transit, complete service from point of production to destination, cost, and the flexibility and individuality of service. Transportation of live stock by truck began to increase with great rapidity about 1928 or 1929, and during the first years of the depression the rate of increase continued until the receipts at primary markets by truck were almost equal to the receipts by rail in 1933, and in 1935 and since they have exceeded the receipts by rail.

This change in the method of live-stock transportation marked the first great change in the historical relations between our industries. It is fair to say that the absence of comparable regulation and equitable treatment of the business of transporting property by truck, compared with transportation by rail, contributed substantially to its rate of growth, notwithstanding the value of the factors I mentioned which caused the shift.

The advent of the motor truck as part of the transportation picture has brought a host of problems to rail management. It is proper to point out that there probably has never been as complete a revolution in transportation operations throughout the history of the movement of goods equal to that caused by the growth of trucking. Certainly the basic question of the adequacy of taxation of motor vehicles constitutes a problem of great importance, and there is probably no more controversial question before the public today. In the light of this controversy, the highway cost study made by three distinguished engineers, Breed, of the Massachusetts Institute of Technology, Older, of Illinois, formerly in the Illinois Highway Department, and Downs, of the University of West Virginia, has particular significance. This significance arises out of the fact that these engineers occupy commanding positions in their profession, and their reports are, therefore, entitled to great weight.

Drain on Taxpayer

These gentlemen reported to the Association of American Railroads that in 1932 there was a deficiency in the total payments by motor vehicles to the annual costs of all roads and states properly chargeable to motor vehicles (and this did not include all costs) of $682,533,000, or about $57,000,000 a month. The deficiency in the payments by individual motor vehicles ran, in the case of combination for-hire trucks, as high as $2,047 a year.

The report further points out that, while 1932 is the last year for which specific data are available, the preliminary figures for the subsequent period indicate that the conditions since 1932 have not been substantially changed. In other words, the subsidy, the deficiencies, or call it what you will, between that which motor vehicles pay and that which they should pay continues to be an enormous figure, a drain upon the general taxpayer, and a substantially contributing factor to the difficulty confronting the railroads in their efforts to meet their more favorably treated competition. There is no subject in the general field of transportation problems that requires more vigorous study and search for remedy.

I want to emphasize that the foregoing recital of the condition disclosed by the Breed-Downs-Older report is not to be construed as an antagonism toward truck transportation. It is recited merely to point out the difference in the basic conditions underlying this type of operation.

Interests Interwoven

Historically the interests of the western railroads and the live-stock industry have been closely interwoven. For many of the western lines live stock was the only traffic immediately available when the railroads were projected. Their construction brought the live-stock industry to the peak of its glory by facilitating the movement of stock from winter to summer ranges and to market, by eliminating the losses and expense of the trail, and often made live stock valuable for something other than hides and tallow by making it practicable to move animals to centers where there was a demand for meat at a price which the consumer could afford to pay. Our contribution to this change was the making of freight rates low enough and providing service good enough to facilitate the movement in trainloads or in single cars as the occasion demanded.

Out of the experience born of your requirements a rate structure was developed to facilitate movements through feeding in transit arrangements, whereby range animals could be moved to new feed grounds or feed-lots for further growth and feeding and subsequently moving to market on the through rate from origin on the breeding range to the slaughter-house. It has also been the practice of the land grant lines to lease grazing lands to live-stock producers to aid their production. My own company, in furtherance of our desire to be helpful, has recently entered into an arrangement with the government whereby our remaining land grant properties suitable for grazing lands are being administered in co-ordination with the government's leasing of adjacent and intermingled land under the plans for furthering the provisions of the Taylor Grazing Act. In this process, new feeding lots were established where range animals could be brought for fattening and slaughter.

Special Rate Aids

In the western ranges, due to climatic and rainfall uncertainties, the threat of loss by drought has constantly confronted you. We have always co-operated to relieve the suffering occasioned by drought by sharing with live-stock producers the cost of saving their stock through the publication of special rates on live stock from affected regions to places where feed was available, to enable stock owners to move animals to new locations where it was possible to carry them through the drought period. And, where it was not practicable to move the stock, we have co-operated by materially reducing charges for the movement of feed, enabling the live-stock owners to carry their stock until the rains came. Such rates have not been made with the idea of producing a profit to the railroads but solely as a co-operative contribution in saving the lives of the animals affected. The live stock has been moved at charges no greater than the actual cost to the railroads and frequently at less than actual cost. Similarly, with feed brought in, it has been at no profit to the railroads. In fact, it has been at a sacrifice of the normal profit that might

reasonably have been expected had this feed moved to its normal markets at normal freight rates.

The foregoing brief summary of the historical relation of our industries could be expanded indefinitely upon the actual experience of the men present in this room, but to do so would serve no useful purpose, because you know the story as well as I do.

Obviously, the history of our relations is not in its entirety a calm sea. It would be impossible for two great industries faced with the competition that we have had to meet not to have had differences of opinion, not to have disagreed, sometimes violently, as to the proper thing to do, not to have felt from time to time that one side of our partnership was seeking benefits at the expense of the other, and not to have had difficulties and troubles that stirred up antagonism in the issues of the moment. But I say to you that I feel that these differences of opinion, the difficulties that they may have caused at the time, and the issues confronting us were differences of opinion that are bound to exist in attempting to reconcile the conflicting necessities of the directors of enterprises responsible for making those enterprises profitable, if it can be done.

I cite two instances of this kind—one, the results attendant upon carrying out of the provisions of the Hoch-Smith Resolution, the other the problem of our relations with respect to our efforts to amend Section 4, dealing with the long-and-short-haul clause.

Hoch-Smith Resolution

When Congress passed the Hoch-Smith Resolution, it imposed upon the Interstate Commerce Commission a mandate to endeavor to lift the burden of transportation from agriculture, including the producers of live stock, shifting the burden thus lifted to the shoulders of industries capable of bearing a greater share of the general burden of transportation. It is not my purpose to question the propriety of the principle the Hoch-Smith Resolution sought to create nor to comment critically upon the results of the investigations made pursuant to it. The Hoch-Smith Resolution and its results are in the pages of history. It seems fair to say that by and large it proved the impracticability of statutory rate making. The live-stock industry, looking for relief under its provisions, found in some cases its rates were increased although there were reductions in other directions, and the railroads, looking to it for the imposition of charges on industries able to bear the burden, found with the passage of time that the increasing intensity of the depression left nowhere that such burdens could be imposed, with the result that we ended up with an impairment of our earning structure at a time when we were least able to stand further losses.

In the case of Section 4, the railroads, generally speaking, have been unable to understand the attitude of the live-stock industry in resisting our efforts to amend the long-and-short-haul clause to enable us to make rates to meet the competition of water lines operating through the Panama Canal, thus enabling us to restore traffic to the transcontinental lines which they were built to handle and which is so necessary to a restoration of their prosperity. I know of no better statement regarding what, in our opinion, should be the position of the live-stock industry than the able statement of the case made in November last year at the San Diego meeting of the California Farm Bureau Federation in an address by Director Deuel of the law and utilities department of the Farm Bureau, entitled, "Improving Transportation Methods to Reduce Rates," where Mr. Deuel said:

Section 4 Position

"As administered by the Interstate Commerce Commission, Section 4 of the Interstate Commerce Act has denied to rail carriers in which our California producers are so vitally interested the right to secure much traffic to which they are entitled, and therefore should be repealed.

"With the long-and-short-haul provisions repealed as proposed, the commission would still have complete power under other provisions of the law to prevent railroads from doing anything which Congress ever intended they should be prevented from doing, but they would thus be able to increase their income by using more fully their equipment facilities in again transporting a share of the business which once moved by rail and now moves by other means, largely by vessel through the Panama Canal. The increased business thus secured will give the railroads greater income and a better chance to reduce costs and to improve the service.

"In reducing costs and improving service lies the farmer's greatest interest in the repeal of the long-and-short-haul clause. The railroads are now prevented from making the fullest and most complete use of their equipment and their transportation facilities because they are prevented by law from meeting competition for available business with practical business methods.

"The shifting of some traffic from water to rail will benefit farmers through increased railroad employment, increased railroad tax payments, and increased railroad purchases and business generally.

"The railroads have a very heavy and continuous expense for maintenance, operation, and taxes, whether they haul a small or a large volume of freight. Whatever profit the railroads may obtain by getting competitive freight in cars which would otherwise move empty, or by adding more cars to trains which are already running, or by putting more trains on tracks which have to be maintained regardless, will add just that much income and lessen the total cost per unit of the service which is paid for by all users.

"The Interstate Commerce Commission's power to fix rates that are fair and reasonable and non-discriminatory will still continue in full force, but repeal of Section 4 of the Interstate Commerce Act will restore to railroad management the right to make fair and reasonable rates to meet competition. This will allow them a chance to secure more business by being able to meet the rates already in existence by other forms of transportation. I contend that is only a fair and reasonable proposition.

"Farm Bureau has supported such a bill ever since 1934. It has been passed by the House of Representatives twice by a two-to-one vote and favorably reported by the Senate Committee on Interstate Commerce, but has not been passed by the Senate."

No Curtailment in Service

In spite of competition and notwithstanding the great decline in revenue from the transportation of live stock amounting to a decrease of $46,000,000 in the ten-year period to which I refer, there has been no curtailment in the service the railroads render to you. On the contrary, I doubt if there ever was a time when the quality of service and the uniformity of its performance approached the conditions that exist today.

I cite one case local to the place in which I speak which is typical of the general conditions that exist today in the long-haul transportation of live stock, which, by and large, is most of that left to us. It is about 1,050 miles from Denver to Chicago, and two great railroads serving Denver, the Union Pacific and the Burlington, operate stock trains on schedules of about thirty-three hours, or thirty-four miles per hour, enabling you to move stock from the Denver market to Chicago without unloading within the period permitted by the Thirty-six Hour Law. It is interesting to note that the average speed of these schedules in miles per hour is double the over-all average speed in miles per hour of freight trains throughout the country. An industry which can provide service of the quality, reliability, and responsibility that the railroads offer to you, notwithstanding the weakening influence of competitive impact that the changes in your business and the business of others has imposed upon it, is a capable and valuable industry, and that, we claim, is what the railroad industry is in its relation to the live-stock industry.

Problems Must Be Solved

In conclusion, may I say to you that I assume you recognize the necessity of our industry's being able to continue to function efficiently to be able to maintain and to improve still further the quality and responsibility of the service that we render. If this is to happen, the economic problems facing the railroad industry have got to be solved. I submit that it is to the interest of the live-stock industry, which still continues to depend upon rail transportation so extensively, to interest itself aggressively in efforts to bring about such a solution.

A conference committe of the House and Senate is now giving consideration to Senate Bill 2009 and a comparable House bill which were passed at the last session of the present Congress and which are now in conference to reconcile the differences in the two bills. These bills contain many worthwhile provisions which would establish the principle of greater equality of treatment and opportunity of the various forms of transportation. A bill the same in text as the Pettengill bill, H. R. 97, is still pending in the House committee, designed to change Section 4 in line with the comments I previously made. This bill was introduced in January last year by the late Representative Martin, of Colorado. Undoubtedly, as the work of the present Congress proceeds, further developments will occur in the introduction of measures designed to correct the conditions I have described.

Solution Must Be Sound

I have had the opportunity of briefly reviewing the annual report of your traffic counsel, in which reference is made to this proposed legislation and in which it is stated that the "declaration of policy in these bills will permit the carriers to jointly, during times of depression, or for any other reason, conspire to make heavy increases in their transportation charges." I regret the railroads cannot agree that this is the purpose of the laws, or that they have any such intention. I submit that the railroads have proved that it is their policy, especially with respect to the live-stock industry, at all times to give consideration to the economic conditions of the industry. It must be recognized, however, that, as costs of operations are increased for reasons beyond control of the carriers, the charges therefor must be accordingly increased, otherwise the carriers cannot hope to maintain the high type of transportation service required by your industry and recognized by them. Whether or not the contentions of your traffic counsel are correct, and in the event carriers should undertake to increase rates, as he states, the Interstate Commerce Commission still has full power to suspend such increased rates and give a decision as to the justification therefor.

The proper officers and committees of your organization should press vigorously for the adoption of sound solutions of our problem, recognizing that in some instances there may be the necessity for accepting a share of the burden. The recognition of the necessity for accepting some share of the burden, however, should be accompanied by a realization of the fact that a sound system of railroad transportation in this country would, in and of itself, be a substantial contributor to the increase in consumer buying power upon which we must all depend in large measure for the ultimate solution of our common problems.



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INQUIRY INTO PUBLIC DOMAIN LAW SOUGHT

By J. ELMER BROCK

President, A. N. L. S. Ass'n

A RESOLUTION WAS PASSED AT the recent convention of the American National Live Stock Association "urging Congress to adopt a clarifying amendment as to whether or not, under Section 2 (of the Taylor Grazing Act), which grants the secretary general powers, Congress authorized the Secretary of the Interior to evade specific provisions of Section 3, relating to term permits, thereby denying stability to live-stock units dependent upon public range."

This matter and others relating to the public domain have now had initial attention of the legislative committee of the American National. While that committee was in Washington recently, it called on Senator Adams, chairman of the Committee on Public Lands, and various of our committeemen made statements relative to the administration of the public lands.

Agreeable to our request, Senator Adams called a meeting of the Committee on Public Lands for the following day. Upshot of extended discussion in Senator Adams' committee was that Senator McCarran, member of the committee, announced that he would introduce a resolution asking for Senate investigation of the entire public domain question, not only as to administration, but also as to the law's effects on the tax structures of state and local governments. Our committee furnished Senator McCarran with a statement to support his motion for an investigation.

The statement follows:

SUMMARY OF GRIEVANCES OF WESTERN STOCKMEN CONCERNING FEDERAL ADMINISTRATION OF PUBLIC LANDS

1. Abuse of emergency powers in the administration of public lands of the West.

2. Extended purchases by federal government through Resettlement Administration, Farm Security Administration, Soil Conservation Service, and other agencies of privately owned lands (submarginal) under subterfuge and without regard to adverse effect upon state and local tax structure or the proper balance of live-stock units.

3. Enlargement of federal bureaus and creation of bureaus within bureaus for the purpose of administering public lands.

4. Interference by federal agencies with water rights established and legally recognized under state laws.

5. Improper diversion of public lands, through Section 15 of the Taylor Grazing Act, to areas classified by the government as "marginal areas," without due regard to the effect upon the proper balance of established ranch and live-stock units previously leasing these diverted lands.

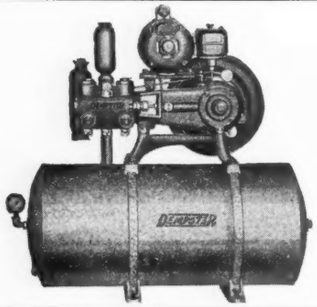
6. Abuses in extension of authority by establishment of administrative rules and regulations under the general broad provision of Section 2 of the Taylor Grazing Act, alleged to evade the limitations placed upon the administrator of the Act by specific provisions in other sections of the act.

7. Further abuse of administrative authority by the circumventing of courts with proper jurisdiction in which legal determination of the authority is being tested and at the same time the use of federal courts for obviously coercive purposes to make the same determination, coupled with coercive contacts with individual litigants by department representatives on matters pending in court.

8. Coercive tactics through personal contact by Department of the Interior representatives to bring about reversal of views expressed collectively in a regularly called representative meeting in the matter of creating grazing districts.

9. The whole principle of long-handled supervision by government bureaus charged with administering public lands without regard to the stability essentially necessary to the range live-stock industry in competition with non-range live-stock operations not so supervised.

If Senator McCarran is successful in getting his resolution through, it is the legislative committee's opinion that the exhaustive investigation of these matters may well be of greater benefit to the so-called public domain states than anything else which has happened relative to public lands in the past quarter century



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THE SOUTH IN NATIONAL LIVE STOCK PICTURE*

By W. T. COBB

I WANT AT THE OUTSET TO ASsure this gathering of cattlemen, members of the American National Live Stock Association, that I am deeply grateful for the invitation from your secretary, Mr. Mollin, to address you on the subject assigned to me. I also want to assure you that I appreciate fully the responsibility of presenting to you the picture of the live-stock development in the South.

I realize that you want to know what effect, if any, this development will have on your business. I know that you have had moments when you thought that competition from acres released from cultivation due to adjustment programs would be a serious menace to the live-stock industry of the Corn Belt and to the West. I know that every effort has been made by organized groups to prevent expansion of live stock, both dairy and beef, in the South.

One example of these efforts was the Boileau amendment to the AAA. This piece of legislation was designed to strangle entirely any possibility for the development of a rounded out program, and, if passed and enforced, it would have condemned the Cotton South to a continuation of the one-crop system that has all but wrecked the entire section.

If this act had passed, it probably would have focused attention on the live-stock possibilities of the South and would have done more to stimulate interest in live-stock development than many years of education could have accomplished. It certainly would not have prevented expansion, if such expansion is essential to maintaining agriculture in the South.

Change Must Be Made

It would have been just as fair for the South to have asked for an amendment preventing the soy bean or its product, soy bean meal, from being used as cattle or hog feed, since these products compete with cottonseed meal—a product of southern farms largely used in the cattle- and hog-producing sections outside the South. These groups have worked to prevent expansion of live stock without ever stopping to think that some change, some adjustment, and some relief from the conditions that have existed and do exist in the Cotton South must be made if a third of the rural population of America is to have a standard of living that is even decent.

I have placed a chart here before you



W. T. Cobb

that shows very clearly the situation in King Cotton's Kingdom. The ten cotton states are segregated here and compared with the other thirty-eight states to show the wide difference that exists in the gross and cash income of the farmers in the two groups.

Eleven Million on Low Income

When we realize that the South has 11,000,000 out of a total in the United States of 32,000,000 rural people and that the South's total income is less than one-seventieth of the national income, we can begin to see some of the difficulties of maintaining a higher standard of living, which means greater buying power, which in turn is reflected in the general prosperity of the nation. But when you condemn more than one-third of the rural population to a gross income per farm of $175 to $180, you can readily see that its effect on all the country is bound to react unfavorably.

The entire life of the South has been developed around two major crops—cotton and tobacco. Both of these crops were born in slavery and perpetuated through poverty. Each crop requires a maximum of hand labor, and, in the case of cotton, about 125 days per man per year is applied in producing and gathering it. Given the crop grown and ready for harvesting, one man can gather only about seven bales in the period allotted for harvest, or at present prices a total of $350. When half of this is used to pay rent and buy feed and fertilizer, you can readily see that such a man is whipped before he starts, unless he has the help of his wife and children in the times of peak labor loads, or some other source of revenue. And all too often we see small tots white and black wielding hoes or drawing cotton sacks down the rows when they should be playing and building robust bodies through joyful exercise instead of giving themselves over to dreary drudgery.

Swell Unemployed Ranks

Why are you interested in this? Because these are fellow rural workers of America who go from these farms to cities in ever-increasing numbers to swell the ranks of unemployed or become government charges at your expense; because these are the people who grow the cotton that has provided the greatest single item in our foreign trade, which has given us a trade balance on which the great industrial development has been made behind a legal wall; these are the people who have bought from protected retail market while their products have been sold on a world price basis, with no artificial stabilizing influences acting in their favor.

You are selfishly interested in the welfare of the 11,000,000 rural people of the South, for in these people true Americanism still exists. They are remarkably free from all "isms," and are producing a larger proportion of farm-raised boys and girls—the backbone of this great country—than any other section. Their great need is a sympathetic understanding of their problem and relief from man-made barriers that retard their struggle for a more adequate income.

The above gives you a sketchy picture of the South under the one-crop system. This is the same system that drove the wheat farmer from Minnesota and Wisconsin and filled those states with a new breed which developed the dairy industry to its present high state. This is the same system that has contributed toward making the dust bowl, and, if persisted in, it will make serfs of all farmers who continue such practice long enough.

South's Live Stock Prospects

With this introduction to conditions in the South, let us get on with the subject of live stock in the South.

Dr. John R. Mohler, chief of the Bureau of Animal Industry, whom you all know to be a careful speaker and an outstanding authority on matters relative to live stock, has this to say about southern live-stock conditions:

"Some persons have held that the South is an undeveloped live-stock paradise. Others have held, with equal sincerity, that a substantial live-stock industry is out of its sphere in the Cotton South. I am confident that a fair appraisal of the situation undoubtedly lies between these extremes. . . . The prospects are definitely toward fewer risks and more stability for the live-stock industry in the South."

Dr. Mohler made the foregoing statements at a recent meeting of the Ameri-

*Address given at convention of American National Live Stock Association, Denver, January 11-13. Mr. Cobb is beef cattle specialist in the extension service of the Louisiana State University.

can Veterinary Medical Association, held in Memphis. In his talk he reviewed the favorable and unfavorable conditions and drew these conclusions. I am in complete accord with Dr. Mohler's statements.

At the outset, let me say that there are no physical or climatic obstacles that prevent the development of a sound live-stock program in the South. We have mild winters, an abundance of rainfall—too much, in fact—and grasses of almost unbelievable variety. We have diseases and parasites, but up to the present time we have found none that cannot be controlled with about the same degree of success as is possible in other sections. Our markets are getting better, and many packing plants are being established all over the South that will care for the slaughter of animals nearer home.

These animals not so many years ago found their way to western grass, thence to market, thus competing with beef grown in the West and fattened in the Corn Belt. The fact that they lost their southern identity when they had consumed Kansas or Oklahoma, Tennessee or West Virginia grass did not prevent these southern cattle from competing with and limiting the markets on western beef. Such cattle are being slaughtered nearer home now and are being consumed in an area that has a notoriously low per capita consumption of beef. The South as a whole—that is, the ten cotton states—consumes beef at a rate far below the nation's average. In the United States as a whole, fifty pounds of beef is the per capita consumption, while the South ranges from figures often quoted as low as eleven pounds per capita for some of the states to twenty pounds in others.

The southern live-stock industry must be built around the things the South has. It must be built on a forage foundation, for grass is the South's salvation. Grass must be used to control erosion, and when so used must be utilized. Legumes must be planted to retain the fertility of the fields, if the South is to maintain its cash crop—cotton.



Although the South, with its comparatively dense rural population, boasts only eight and three-tenths acres of crop land per capita, compared with over sixteen acres for the other thirty-eight states, there are millions of unused acres that are not, and by their very nature should not be, put into cultivation. These lands must be brought into production and additional revenues derived from them, otherwise a drastic shift in population is inevitable.

In Louisiana, for instance, there are a total of 29,000,000 acres, 9,000,000 of which are owned by farmers, of which 4,500,000 are in cultivation, and 12,000,000 in pine land from which all timber has been removed. Six million acres are in hardwood swamp lands, subject more or less to overflow from various rivers. The remainder of the acres is coastal marsh. All these lands, exclusive of the cultivated acres, have returned very little revenue to owners. These lands must be brought into production, if full advantage is to be taken of the natural resources of the South to better the conditions of rural people.

Timber offers a possible means of utilizing these areas, but timber is a slow-growing crop, requiring twenty to thirty years to reach full production. In the meantime, these lands must be used, and live stock is the immediate tool to use to bring increased revenues so sorely needed.

The figures I have given for Louisiana are more or less true of all the cotton states.

The South must use its every resource to bring the farm income up to a point where the southern farmer can contribute his part to the prosperity of the rest of the country, the industrial East as well as the West and Middle West.

Not New to South

Until the present time, the southern farmer has neglected his birthright; for, if you remember your cattle history, you will recall that the live-stock industry of this nation started in the South. Cattle and hogs came with the first Spanish explorers when they traveled from Florida west and came into southern Texas from Mexico long before there were settlements west of the Missouri or even west of the eastern seaboard.

In the early days of the country's history, south Texas was the breeding ground of vast herds of cattle that extended over to the Mississippi River, and from these herds was developed the great industry of the West. From Florida they extended up through the southeastern states and west to the Mississippi. Later, as Kentucky and the grass region east of the Allegheny Mountains began the importations of English improved breeds in the thirties and on through the years, these cattle found their way down the Ohio and the Mississippi. Thence they spread each way from this great water route. So the cattle industry is not new in the South. It is the oldest of all farm activities, but Eli Whitney with his cotton gin and the surplus slave labor placed cotton in such a favored position that all other activities were relegated to the background, to the detriment of southern agriculture and southern land fertility.

It may surprise you to know that a little town in Louisiana known as Vidalia was once the wildest cow-town in America. For here vast herds of cattle were driven from west Louisiana and south Texas and loaded on steamboats for Cincinnati and thence to eastern markets for the heavily populated East. Later, Mobile and New Orleans were points of loading for live cattle destined for eastern markets. The Civil War ended this traffic, and southern Texas cattle found their way to the rails at Omaha overland for many years before the West was safe for settlers.

No, the live-stock industry is not new in the South. Early in Louisiana's history brands were recorded, and firebrands are in existence in that state now that have been in the same family for five generations. The South has simply neglected her birthright, and at this belated date, after a successful thirty years' war on ticks, is beginning to awaken to the fact that live stock to utilize the waste and unused lands must be incorporated into the farm economy, if that country is to cease to be the "Nation's Economic Problem No. 1," as dubbed by our President.

How will this live-stock development affect other producing areas?

Other Sections Unaffected

Frankly, I believe that its effect will not be felt by other sections, for the first great development in the South will be an improvement in the grade of cattle, with nominal increase in numbers. These cattle will be better cared for and better developed, and this is going to take years to bring about.

The greatly increased farm income made possible through a better balanced farm program will stimulate better living conditions due to higher incomes. Higher incomes will mean better diets, which will mean more meat. I believe



all the increase in tonnage of beef for many years to come will be largely consumed in the South, where, as we have shown, the per capita consumption is so low, largely due to the fact that incomes are so low that relatively high-priced beef is beyond the reach of the large part of the farm population.

Here let me state that the census of 1935 showed that, out of a total of 2,714,000 farms in the South, 758,000 did not have even one cow. Nine hundred seventy-three thousand farms were without hogs, and 340,000 did not even own chickens. If these farms without even a milk cow are supplied with two animals from which to secure milk for growing children and only two veals for home canning, use can be made of 1,600,000 head of cattle with absolutely no effect on areas outside the South.

Again, if and when the South produces a surplus, the natural increase in the population of the country will call for all this increase in southern beef to maintain an adequate supply at prices consumers are willing to pay. I believe it is pretty generally agreed that the greater part of the West is about saturated with cattle, unless marked improvement in the ranges is made. So, if and when the South reaches a point where its market is saturated by its own home-grown meat, I am confident that the country as a whole can absorb such increases as will be made, for it must be understood that the South is limited in the amount of increase possible.

I wish to call your attention at this point to some dangers the industry faces that merit your thought. It is entirely possible to get meat products too high, thus bringing into the picture cheaper substitutes, such as fish or poultry. It is even conceivable that pressure from the industrial sections may become strong enough to force some lowering of present barriers to foreign supplies in order to maintain lower price levels. As population increases, increased supplies must be available at prices within reach of the consumers.

Remember, radical changes in farm practices are not made overnight, and a farm population never suddenly changes over from one form of agriculture to another, but through slow growth or dire necessity.

Wants Fair Deal

The South asks of the rest of the country a fair deal. We should like to work out our salvation with the tools at hand, without regional or state barriers making the task more difficult. At the present time the South is working under freight rates that are unfair and discriminatory. These unfair rates also apply to the western district in which most of you are interested. As an example of unfair freight rates that discriminate against southeastern and southwestern shippers, it has been cited that it costs a farmer 10 cents a bushel more to ship corn from Waco, Texas, to Kansas City than it does for a farmer to ship one bushel of corn from Kansas City to Waco.

A farmer at Dallas is assessed 98 cents more per hundred to ship his poultry to Chicago—904 miles—than it would cost to ship the same chickens from Chicago to New York—909 miles.

In general, the southern freight rate is 39 per cent higher than eastern or official territory, and the southwestern rate is 75 per cent higher than the official territory. These are a few examples of the discriminations that have tended to hold back development in the South, so rich in possibilities.

Readjustment of some of these inequalities will have its effect on industrial development in the entire region, utilizing at less cost the wealth of natural resources, both agricultural and mineral, thus increasing a home market for more agricultural products, including live stock.

So, in closing, I wish to say that it is our devout wish to be taken back into the United States and considered a part of a great nation, working for a peaceful, prosperous country.

We have felt that the South's natural resources have been exploited, its forests denuded in a wasteful manner, its minerals drawn for the profit of outside capital, its lands eroded by continued clean cropping to the point where thousands of acres must be released from cultivation and nature through grass and trees heal these wounds inflicted by a people giving their best to maintain a decent standard of living against overwhelming odds.

But today we believe the South is out of the rut of the one-crop system and is growing slowly but surely to contribute more and more to the prosperity of America, of which we all are a part.

Faith in Rural America

As a final word, I want to quote a paragraph or two from a very fine thing written by Grace E. Frysinger, of Washington, D. C., on Christmas of 1922. These paragraphs are from her "Declaration of Faith":

"I have faith in rural America as a perpetual fountain of strength for social and economic development of the nation.

"I have faith that agriculture shall rise to its place in the sun.

"I have faith that it will provide a standard of living guaranteeing greater comforts for a day's honest toil. I have faith that it will give an opportunity for mental and spiritual growth, for the development of ideas and ideals alike, and for health-giving recreation.

"I have faith, since the nation is dependent on agricultural development, that as a nation we will make possible agricultural prosperity.

"I have faith that we shall work together—dwellers in city and dwellers in the open country, statesmen and ploughmen, financiers and farmers, educators, legislators, preachers, physicians—working tirelessly toward that better day when we shall all be nationally minded."

To the above I wish to add a fervent amen.



"All right, Ma. Where do you want this kindling?"

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LOUIS HORRELL NAMED HEAD OF ARIZONA ASS'N

UPWARDS OF 400 ARIZONA CATtlemen, present at the annual convention of the Arizona Cattle Growers' Association at Nogales, Arizona, February 19-20, named Louis Horrell, of Globe, as their president, succeeding Wayne Thornburg, of Phoenix. First vice-presidency was given Joe Hunt, of Clifton; second vice-presidency, to Tom Heady, of Patagonia; and third, to Norman Fain, of Prescott. Mrs. J. M. Keith, secretary, was retained in the position she has so capably filled for a number of years.

Under chairmanship of Wayne Thornburg, addresses of welcome were made by Mayor Louis Hudgin, Nogales; Wirt Bowman, Nogales businessman; and President Joe King of the Santa Cruz-Pima Cattlemen's Association. Response came from William R. Bourdon, northern Arizona cattleman.

In his annual address, Wayne Thornburg asked for continued co-operation of all growers in the state. F. E. Mollin, Denver, secretary of the American National Live Stock Association, one of the principal speakers, warned the cattlemen that they must constantly be on guard against adverse legislation. He stressed opposition to the reciprocal trade program.

Frank G. Arnold, president of the Nebraska Federation of County Taxpayers' League, was chief speaker in the afternoon session. His suggestions on how taxpayers might pare down expense resulted in formation of a committee to investigate the possibility of applying the Arnold county-expense-examination plan to Arizona.

Speaking also at the afternoon session was Roberto E. Urias, president of the Sonora Cattlemen's Association, Mexico. Albert K. Mitchell, New Mexico, chairman of the National Live Stock

and Meat Board, and Dr. Alfred Atkison, president of the University of Arizona, were the main speakers at the second morning's session.

At noon a barbecue was held at the ranch of R. M. Harrison, Nogales. The annual banquet of the group was held Monday evening, with Harry Saxson, of Willcox, introducing Charles Pickrell of the Arizona Extension Service as toastmaster. Governor R. T. Jones was introduced among prominent guests.

Among resolutions adopted were the following:

Urging that the Farm Credit Administration be restored by Congress to its former status as an independent agency;

Commending Department of the Interior in its administration of public grazing lands and urging that as soon as possible it grant long-time permits, issue long-term leases under Section 15 of the Taylor Act, and complete state land selections and exchanges;

Endorsing action of the American National Live Stock Association in seeking amendment to the law governing the Forest Service to provide for recognition of grazing as one of the major purposes of the act, recognize grazing preferences as rights entitled to legal protection, and provide a legal status for advisory boards;

Reaffirming endorsement of the McCarran national animal-theft bill making it a federal felony to transport stolen stock across state lines;

Favoring a thorough trial of uniform system of beef grading;

Reiterating opposition to modification of embargo applying to countries having foot-and-mouth disease;

Asking the Bureau of Animal Husbandry to hurry its report on vaccine experiments with Bang's disease and asking that no indemnity payments be made under present federal blood testing plan unless they are matched by the state;

Giving "unanimous thanks to the officers of the American National Live Stock Association for their unceasing efforts in solving the problems and protecting the live-stock industry of Arizona."

Kingman was selected as the site for next year's convention.

JAY TAYLOR AT HEAD OF TEXAS ASSOCIATION

THIRTY-EIGHT-YEAR-OLD JAY Taylor, Amarillo, Texas, rancher, took over the reins of the Texas and Southwestern Cattle Raisers' Association in the closing session of that organization's sixty-fourth annual convention at Ft. Worth. Taylor is one of the second vice-presidents of the American National Live Stock Association. In his presidency of the Texas organization he succeeds J. T. Sneed, Jr. Chosen to serve with him were Claude E. McCan, Victoria, first vice-president, and Holman Cartwright, San Antonio, second vice-president.

The new president outlined his policies for the association as "fair and honest representation of all cowmen, little and big." One of the immediate problems, he said, was to fight for an increase in the 7,000-pound truck load limit in Texas, which he called a "crazy law." A resolution recommending doing away with the limit was adopted.

Members of the Texas association heard J. Elmer Brock, of Wyoming, president of the American National Live Stock Association, attack the Reciprocal Trade Agreements Act as "not really reciprocal," and demand a revision of the treaty policy for the protection of the country's cattlemen. Brock and F. E. Mollin, secretary of the American National, who also attended the meeting, were on their way home from the Senate hearings on the trade treaty program in Washington.

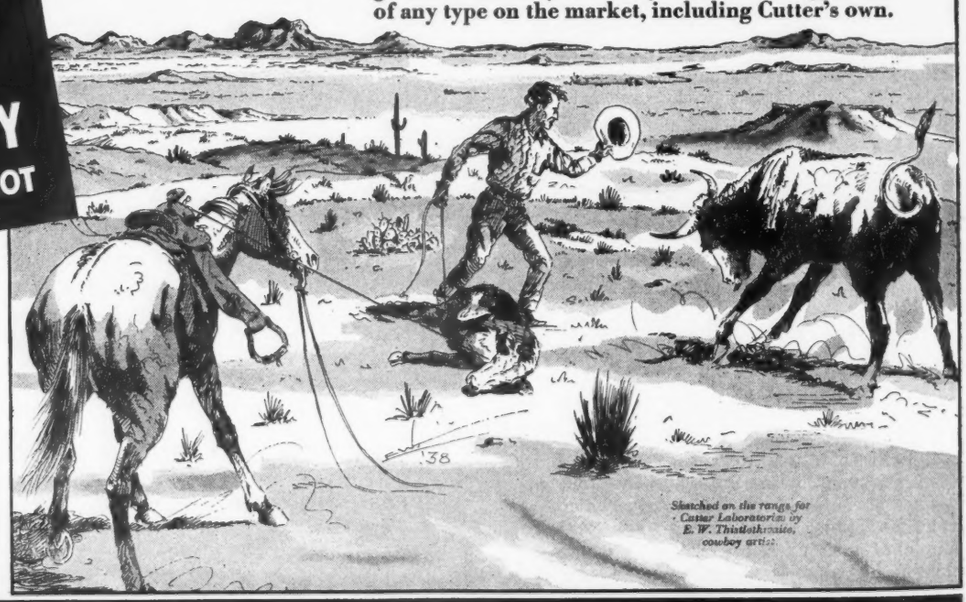
"I don't know what the outcome will be in the pending bill before Congress," Brock declared. "Our activities with reference to the legislation are drawing to a close. The act either will be allowed to die or the program will be renewed. If it is renewed without the check of Senate ratification, it will become a major political issue in a field in which our organization does not want to take sides."

W. M. W. Splawn, member of the Interstate Commerce Commission and a native Texan, spoke to the group in the second session, discussing the economic side of the cattle industry.

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Other speakers included Albert K. Mitchell, chairman of the National Live Stock and Meat Board and former president of the American National; Lieutenant Governor Coke E. Stevenson; Judge Joe G. Montague, attorney for the Texas association; and G. B. Thorne. Mr. Thorne, market analyst for Wilson and Company, told the members "not to look for a war created boom in the livestock industry such as occurred during the World War. Any improvement will have to come from improved domestic conditions."

Resolutions adopted:

Endorsed Barden bill to amend the Wages and Hours Act and provide packers with proper exemption during peak periods;

Opposed extension of the Reciprocal Trade Agreements Act, "but, if same be extended, we urge ratification of agreements by the Senate," and commended Representative Paul Kilday for voting against extension;

Endorsed the McCarran animal-theft bill to make transportation of stolen live stock to another state a felony under federal law;

Opposed S. B. 1650, "which bill provides for autocratic confiscation of property at the will of the individual who happens to be President and who declares an emergency to exist;"

Instructed association's traffic committee to meet with the Texas Sheep and Goat Raisers' Association to discuss yardage charges;

Recommended return of the state ranger force to jurisdiction of the Adjutant General, "because present control by the Department of Public Safety does not operate for the best interests of law enforcement or for the preservation of the traditions and respect that so justly belong to the Texas Rangers."

One of the resolutions suggested that, in the event an employe of the association acquires public office, such employe should be discharged from his position in the association.

San Antonio was selected as the 1941 convention city.

SENATE RATIFICATION URGED AT KANSAS MEET

FRANCIS H. ARNOLD, EMPORIA, was elected president of the Kansas Live Stock Association at a meeting of that body in Wichita. E. C. Kielhorn, Cambridge, was named vice-president and Will J. Miller continued as secretary-treasurer.

Among resolutions adopted, one dealing with foreign trade read in part as follows:

"Be it resolved that adequate tariff protection be accorded our domestic products, also that Congress continue its vigilant guard against importation of live stock or its products from Argentina and other countries infected with disease. We also urge Senate ratification of trade treaties."

With regard to taxation, another resolution asserted that the tax burden on agriculture must be lightened and equalized and recommended that values on farm property be lowered. Discriminatory taxation upon any legitimate form of business which might tend to increase cost of distribution of agricultural products was opposed.

Other resolutions adopted:

Recommended a long-time statewide program in Kansas of pond building and water conservation;

Favored a truth-in-fabric law;

Approved work of the state sanitary commissioner in supervising community sales;

Stated continued opposition to off-market buying by packers and condemned the feeding of live stock by packers to manipulate market prices;

Protested again recent interpretations of the wages-hours law as applied to live-stock and meat-packing industry;

Commended work of the National Live Stock and Meat Board;

Urged more uniform sanitary regulations between states;

Recommended continuance of the Bang's disease program;

Asked the legislature to provide funds for improvement of facilities of the animal husbandry department of Kansas State College;

Endorsed the McCarran anti-theft bill and commended work of the National Brand and Theft Commission;

Recommended appointment of a committee to make a study of transportation facilities in the state; and

Asked for legislation providing for a comprehensive system of brand inspection.

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MEETING NOTES

THE TWENTY-EIGHTH NEBRASKA Feeders' Day will be held on April 19. The program emphasizes cattle production more than any other class of live stock, but hogs, sheep, and horse industries also have their places. Feeding experiments are reviewed. The program includes speakers from various industries and from states other than Nebraska. Last year 3,000 stockmen and farmers were present. In recent years as many as eight states have been represented.

OKANOGAN CO. (WASH.) MEET

Stockmen of Okanogan County, Washington, in resolutions adopted at their Okanogan County Live Stock Association meeting asked for economy in government; opposed extension of Reciprocal Trade Agreements Act, or otherwise ratification of agreements by the Senate; favored a law that would provide for suspension of agricultural imports when domestic parity prices are down; opposed new National Park areas unless approved by states; voted for discontinuance of county brand inspection; recognized state and national cattle associations as spokesmen for the cattle industry and endorsed their work and urged members to "subscribe to the PRODUCER, official organ of the industry, thus keeping themselves informed of the work being done."

LIVE STOCK MEETING IN DENVER

Members of the Colorado Stock Growers' and Feeders' Association and the Colorado Wool Growers' Association will play a leading part in an annual state-wide live stock meeting in Denver April 5. M. E. Noonen, of Kremmling, president of the wool growers' organization will preside at the opening session of the meeting. A. A. Smith, of Sterling, president of the stock growers' and feeders' group, will be chairman of the afternoon session. More efficient and profitable production of live stock in Colorado is the object of the meeting of ranchmen, farmers, and live-stock feeders, according to Director F. A. Anderson of the Colorado State College Extension Service, who is chairman of the committee sponsoring the gathering.

MONTANA COUNTY GROUPS MEET

Stockmen from Granite, Deer Lodge, and Powell counties in Montana met at Philipsburg to hear talks by Paul Orcutt, live-stock specialist; G. H. Craig and Howard Lord, economists from the Montana State College; Paul Etchepare, secretary of the Montana Wool Growers' Association; C. A. Joy, of the Forest Service; C. K. Warren and Sylvan Pauley, of Deer Lodge, Montana; Dr. W. J. Butler, Montana state veterinarian; and E. A. Phillips, secretary of the Montana Stock Growers' Association. C. J. Anderson, of Hall, and George M. Mungas, of Philipsburg, presided over the meetings. Officers elected to conduct the affairs of the Granite County Stock Growers' Protective Association, which called the meeting, were Charles J. Anderson, of Hall, president; George M. Mungas, secretary-treasurer; and E. V. Johnson, J. D. Kennedy, and Hans Kofoed, executive committeemen. . . . Speakers at the annual meeting of the Park County Live Stock Association at Livingston included Dr. Hadleigh Marsh, Paul Orcutt, G. E. Martin, and E. A. Phillips. Officers reelected were Wesley A. D'Ewart, president; George M. Parker, vice-president; Howard Bodine, treasurer; George L. Hart, secretary; and Charles Shorthill, P. H. Gilbert, W. T. Morrison, and B. Hebaus, directors.

NORTHERN ARIZONA MEETING

Annual election of Northern Arizona Cattlemen's Association officers at a meeting at Holbrook on March 9 resulted in the renaming of William R. Bourdon as president and A. T. Hutcherson as secretary-treasurer. Vice-presidents and representatives to the Arizona Cattle Growers' Association are Wallace Crawford, Apache County; Boss Chilson, Coconino County; and W. H. Eubank, Navajo County. Discussed at the convention were this year's live-stock show and county fair and cattle inspection on the reservations. An open-pit barbecued dinner was served to 125 cattlemen and friends.

OPPOSES RECIPROCAL ACT

The seventieth annual meeting of the Bent-Prowers Cattle and Horse Growers' Association was held in Las Animas, Colorado, on February 22, 1940. The meeting was attended by stockmen from all over southeastern Colorado, railroad officials, commission men, and representatives of credit associations. Officers of the association were re-elected for the coming year. R. M. McMillin serves as president; Matt Jones, Lamar, vice-president; Arthur S. Dean, Las Animas, secretary; Charles Sweitzer, Eads, assistant secretary; Wm. J. A. Scott, Las Animas, treasurer; William Walker, Lamar, assistant treasurer. Speakers at the afternoon business session included Rev. J. T. Harbert; Governor Ralph Carr; Frank Vandiver, mayor of Las Animas; Wilkie Ham, attorney of Las Animas and Lamar; John C. Vivian, lieutenant-governor of Colorado; Byron Roger, attorney-general; Captain James H. Stratton, in charge of construction of the Caddoa Dam; H. H. Richardson, adjutant-general of Colorado; Dr. C. R. Miller, of Fort Lyons, Colorado; Roy Best, warden of the Colorado State Penitentiary; Lawrence F. Mollin, assistant secretary of the American National Live Stock Association; and Arthur M. Wimmell, editor of the *Bent County Democrat*, of Las Animas, Colorado. M. M. Simpson, of McClave, spoke on stock inspection activities, and Wilkie Ham, attorney, gave a report on an Oklahoma case of cattle rustling. Among resolutions adopted was one approving "reciprocal trade act as endorsed by the American National Live Stock Association and the Colorado Stock Growers' and Feeders' Association," which means repeal of the act or provision for Senate ratification of pacts entered into under it. Membership in the American National Live Stock Association and in the Colorado Stock Growers' and Feeders' Association was approved and fees ordered paid.

PACKERS IN TEST CASE ON WAGE-HOUR LAW RULING

A TEST SUIT TO CLARIFY THE meaning of the packing industry's partial exemption under the Wages and Hours Act has been brought by the Wage and Hour Division against Swift and Company in federal district court in Chicago, we read in the *National Provisioner*.

The Wage and Hour Division is basing its case on an interpretation of the act which has been challenged by the meat-packing industry. The interpretation, made by the division last year, narrows the fourteen weeks' exemption for maximum hours and overtime pay provisions to employees buying, handling, slaughtering, dressing, and performing operations immediately related thereto, eliminating exemption in some of the other necessary operations in the preparation of meat.

Packers generally have not accepted the interpretation. They may be liable for between $3,000,000 and $4,000,000 in back pay, for which a reserve fund has been set up, if the government's view of the law is upheld.

The Institute of American Meat Packers may intervene in the case in behalf of the packing industry.

CALENDAR

APRIL

1—Western Nebraska Breeders' Show and Bull Sale, Alliance.

4-7—Southwest Louisiana Fat Stock Show, Lake Charles.

5-6—Utah Cattle and Horse Growers' Ass'n Convention, Salt Lake City.

22—Eastern Wyoming Hereford Breeders' Sale, Lusk.

MAY

23-25—Montana Stock Growers' Ass'n Convention, Butte.

JUNE

4-6—Intermountain Junior Fat Stock Show, North Salt Lake, Utah.

13-15—Nebraska Stock Growers' Ass'n Convention, Valentine.

13-15—Nebraska Junior Stock Growers' Ass'n Convention, Valentine.

22-24—Colorado Stock Growers' and Feeders' Ass'n Convention, Meeker.

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YOUR REPRESENTATIVES

HARD-WORKING REPRESENTATIVES of the western cattle industry are the members of the legislative committee of the American National Live Stock Association. The seven-man group spent latter February and early March in Washington to probe into national legislation affecting the cattle industry.

Its first job was on the Reciprocal Trade Agreements act. The group took the position that because there is a sharp increase in domestic meat supplies at a time when export outlets for the surplus have been curtailed and because tariff on heavy animals has already been reduced by half, and on calves by nearly half, and reductions have been proposed on canned beef, hides, tallow, and other cattle products, the Reciprocal Trade Agreements Act should die on June 12, 1940. If it is extended, Senate or Senate and House approval should be provided.

Restoration of the Farm Credit Administration to its former status as an independent agency was sought by the group. Immediate legislation to do this was asked.

The Wages and Hours Act was also marked for modification. The original bill carried an exemption supposed to apply to packing-house workers during peak periods of employment, but interpretation by the administrator of the law has narrowed the exemption to apply only to the initial operation of slaughtering and dressing, and the act does not give the tolerance Congress intended and therefore imposes a burden on live-stock producers and shippers. The group endorsed the Barden bill now pending in the House and urged that it be so amended as to clarify the exemptions on packing-house workers.

In its consideration of the Wheeler-Lea transportation bill, the committee decided, first, that the right of shippers to the shortest direct or through route at the lowest rate prescribed by tariffs between any two given points be insured through the elimination of Section 15 (4) of the House bill; second, that there be no essential change in the provisions of the present Section 4 of the Interstate Commerce Act which would nullify the restrictions of the long-and-short haul clause; third, that there be nothing included in the declaration of policy and no changes in the present rate-making rule that will operate to increase the cost of transportation service to the shipping public.

Following up a resolution adopted at the January convention of the American National Live Stock Association favoring changes in the law under which the Forest Service functions, the group together with Lawrence Fuller, of Wyoming, and W. B. Snider, of Oregon, members of a special forest committee of the American National, pressed for amendment that would recognize grazing as one of the basic uses of the national forests, provide for stability of operation, and create advisory boards on an official basis. A bill to carry this out was prepared.

Members of the legislative committee are: Frank S. Boice, of Arizona; A. D. Brownfield, of New Mexico; J. H. Nason, of South Dakota; J. L. Bivins, of Texas; and William B. Wright, of Nevada, with J. Elmer Brock, president, and F. E. Mollin, secretary of the American National Live Stock Association, also serving.

The group's purpose was to make known in Washington its opinion on these questions, and this it did. Stockmen of the West will recognize in the group's opinion their own feelings on these important matters which affect every cattle raiser.

FARM CREDIT

SINCE THE INCEPTION OF THE New Deal there have been many measures proposed which have dealt with various phases of the farm problem. Some have been involved in controversy from the beginning. Few have had anything like unanimous support from the industry.

One act, however—the measure creating the Farm Credit Administration—has met with whole-hearted support on all sides. True, there has been an occasional complaint, based largely on administrative failure or interpretation of policy. Generally it has been considered that under this act there has been built a system of farm credit stable under normal conditions and yet sufficiently elastic to meet the requirements of all but very extreme emergencies—in short, a system better than anything previously available to an industry which has suffered much by first too loose and then too tight credit.

Consequently agriculture generally is much concerned over the recent move, under the reorganization powers granted the President, whereby this agency has been absorbed by the Department of Agriculture, and genuinely disturbed over the announcement that a radical change of policy is to be the result. Headlines indicate that a "social view" is to be adopted on farm loans and that strict banking rules are to be dropped in order to help farmers stay on their land. This will be good news to those who, due to drought or other circumstances beyond their control, have been up against the gun. But relief for those at or near the distress point is one thing, fundamental changes in the credit system for a great basic industry is quite another.

It is not as though borrowers have been paying exorbitant interest rates. Congress has many times acted in recent years to make available substantial rate reductions on various types of loans. As the system got better established and interest rates generally worked lower, all possible savings in this direction were immediately passed on to the borrower—all this within the reaches of a sound and stable system.

On the other hand, various governmental agencies have been established to meet the needs of those whose equities were so impaired as not to make them fully eligible for the credit needed to maintain them under such a sound system. There have been feed and seed loans, rehabilitation loans, and direct relief grants of one kind and another.

All these types of credit or relief agencies have served their purpose. It is the scrambling of them all under one administrative head, with an objective entirely foreign to the original purpose of the Farm Credit Administration, that serves to confuse and in the long run may do more damage than good.

It is generally believed that more livestock growers have been hurt by too lax than by too little credit. Doubtless much the same is true of agriculture as a whole. Too liberal credit cannot but be conducive to increased production at a time when hundreds of millions of dollars are being expended in a far from successful effort to control production. Actually it imposes another artificial interference to a normal system of checks and balances — confusion worse confounded.

Governmental operation in any line, even though based on sound business practices, has its inevitable drawbacks. But when it is undertaken on a tremendous scale, with an admittedly social and not business objective, it seems certain that the industry concerned will eventually foot a huge bill through unwise and price destructive competition, while Uncle Sam will be obliged to underwrite staggering losses in the process.

The bill by Senators Gillette, Mead, Hatch, Miller, and Truman to restore the Farm Credit Administration to an independent status should have the unquali-

fied support of every live-stock organization. The issue may well prove to be the most important one confronting us today. We should not without a fight give up an agency which has met the test of operating through years of adverse conditions, and which if continued should add to rather than detract from the service it can and should render the industry.

WAR AND AGRICULTURE

ANSWER TO QUERIES ABOUT war effect on outlet for American agricultural products may be found in a London story telling of plans to shift close to 1,500,000 English acres from from grass into production of other crops this year, says the *Chicago Drovers Journal*. With 40 per cent more live stock on hand than at the start of the World War, England hopes, by intensifying her farming program, to double her live-stock population. Tractors are being counted on to make possible the cultivation of additional land with the men available, and a soil rebuilding program for reclamation of abandoned farms also is being planned. Live-stock fodder, of which England imports large amounts, is given a preferred position on the new program. This, says the journal, is interesting, not only as an indication of the effort toward agricultural self-sufficiency which the warring nations are making, but because of effect that these policies may have on international trade after war is over. Lastly, the emphasis that war places on the importance of agriculture in the life of any nation is unmistakable.

HONEST TOIL

WHEN YOU READ SUCH ITEMS as the one quoted below you realize that bountiful government has not, after all, taken away the desire for honest toil. "Jobs were not open for two weeks, but 2,000 wait in line," is the heading to this item:

"'Listen, lady,' the officer pleaded, "there's no jobs today. If you want to wait, you'll have to stand here two whole weeks. Your feet'll get sore.'

"The lady at the head of a two-block line of more than 2,000 men and women job-seekers eyed him grimly.

"'I'll wait,' she said. 'I've been here since 6 o'clock this morning. Nobody's going to get my place!'

"For hours, a dozen police roved up and down the line informing the standees that application blanks for 220 jobs as census takers in Jamaica, Long Island, would not be ready until February 15.

"But nobody budged. Toward noon, the line began to lengthen."

Tracks, terminal yards, station grounds, warehouses, and other structures used in the transportation service by the railroads of the United States cover about 31,000 square miles.

WASHINGTON

WASHINGTON NOTES

IN THE VOTE IN THE HOUSE ON extension of the Reciprocal Trade Agreements Act (216 for, 168 against), western states' representatives lined up as follows:

For Extension—
Arizona.—Murdock.
California.—Buck, Costello, Thomas F. Ford, Geyer, Havenner, Izas, Kramer, Lea, Sheppard, Tolan, Voorhis, and Welch.
Colorado.—Cummings and Lewis.
Kansas.—Houston.
Nebraska.—McLaughlin.
Oklahoma.—Rogers, Cartwright, Boren, Monroney, Massingale, Ferguson.
Texas.—Beckworth, Dies, Garrett, Gossett, L. A. Johnson, Lyndon B. Johnson, Jones, Kleberg, Lanham, Mahon, Mansfield, Patman, Patton, Poage, Rayburn, South, Sumners, Thomason, and West.
Utah.—Murdock and Robinson.
Washington.—Hill.
Against Extension—
California.—Anderson, Carter, Elliott, Englebright, Leland M. Ford, Gearhart, and Hinshaw.
Kansas.—Lambertson, Guyer, Winter, Rees, Carlson, and Hope.
Montana.—O'Connor and Thorkelson.
Nebraska.—Stefan, Curtis, and Coffee.
Nevada.—Scrugham.
New Mexico.—Dempsey.
North Dakota.—Burdick and Lemke.
Oklahoma.—Disney.
Oregon.—Mott, Pierce, and Angell.
South Dakota.—Mundt and Case.
Texas.—Kilday.
Washington.—Coffee, Leavy, Magnuson, Smith, and Wallgren.
Wyoming.—Horton.

TRADE ACT EXTENSION

A vigorous contender for congressional ratification of the trade treaties at the Senate Finance Committee hearing on extension of the trade treaty act was Senator O'Mahoney, Wyoming. O'Mahoney said he would offer an amendment restoring to Congress its right of veto over treaties and revenue legislation. The present bill, he said, offends at least four provisions of the constitution: (1) That "all legislative" power shall be vested in Congress; (2) that treaties shall be made by and with advice and consent of the Senate; (3) that revenue measures shall originate in the House; (4) that "this Constitution and the laws of the United States which shall be made in pursuance thereof and all treaties made or which shall be made under the authority of the United States shall be the supreme law of the land." Either pacts negotiated under the act are treaties and must be ratified by the Senate or they are revenue laws which under the constitution must originate in the House, he told the committee. . . . This position was supported by a "farmers' and stockmen's committee favoring Senate ratification of trade treaties," of which Jack Arnold, of Birney, Montana, is chairman—an organization representing 208 farm leaders in thirty-four states, Hawaii and the District of Columbia. It centered its objectives (1) on a return to the constitutional provisions of Senate approval of the agreements, and (2) amendment of the act to enable citizens to enter court and test its constitutionality. . . . Supporting extension of the act, Secretary of Agriculture Henry A. Wallace stated that the trade program should be continued as "a valuable foundation stone" for the reconstruction of world trade after the war. He considered its continuance "extremely important" to agriculture and the general welfare of the country. He did not know "of a single case where duty reductions have seriously inconvenienced an American agricultural group." Instead, the agreements are of benefit to farmers, he said. . . . President J. Elmer Brock of the American National Live Stock Association urged either death to the act or Senate ratification of trade agreements, as did Secretary F. E. Mollin (see p. 2). F. R. Marshall, secretary of the National Wool Growers' Association, was also among those who appeared before the committee against extension of the act.

KINGS CANYON PARK CREATED

California's Kings Canyon region became a national park when President Roosevelt signed H.R. 3794. Secretary of the Interior Harold L. Ickes has advocated establishment of the park during the past five years. California stockmen groups have opposed creation of the park. Under the terms of the law, the stockmen who have been grazing their animals in the area (900 head of cattle and horses, and 300 head of sheep) will have their permit rights continued during their lifetimes.

FCA ADOPTS 'SOCIAL VIEW'

A policy designed to keep farm borrowers on their farms has been adopted by the Farm Credit Administration, recently moved from a position of autonomy to one under the Secretary of Agriculture. Strict banking procedure will give way to leniency in cases where borrowers are deemed to have a chance eventually of meeting their obligations. A. G. Black, the agency's chief, is quoted in the press: "The FCA is taking the broad social view that its duty is to help farmers become landowners, even if it has to adopt special measures to help them. These special methods are being urged only after careful study if the individual borrower's condition indicates that his regular installments and delinquencies are heavier than he can meet from the normal production of his farm and cannot be handled by the land

banks' usual methods of treating delinquencies." The methods may include "rest" periods on debt payments, permission of payments on debts larger in years of good yields and lower in years of poor crops, and longer period of years to pay. Compliance with crop control programs will not be required, but suggestion will be made that borrowers take part in them. Foreclosure would be resorted to only in cases of borrowers' "bad faith" or where it was certain they had little or no chance of paying out.

TO RESTORE FCA INDEPENDENCE

Senator Guy Gillette, of Iowa, and four other Democratic senators on March 4 introduced a bill intended to restore independent status to the Farm Credit Administration under a bipartisan board of five members, with the Secretary of Agriculture serving in an ex officio capacity. The other senators who joined in presenting the bill were Mead, of New York; Miller, of Arkansas; Hatch, of New Mexico; and Truman, of Missouri. The bill is backed by the American National Live Stock Association, National Wool Growers' Association, National Grange, American Farm Bureau Federation, and National Council of Farmer Co-operatives.

NO POLITICS

Memorandum has been sent by the Department of Agriculture to its 130,000 farmer members of local AAA committees, many of whom are party leaders, that they must not take active part in forthcoming political campaigns. State committeemen are under restrictions of the Hatch law, and local committeemen are subject to departmental rules and acts of Congress limiting political activity.

NATIONAL PARKS

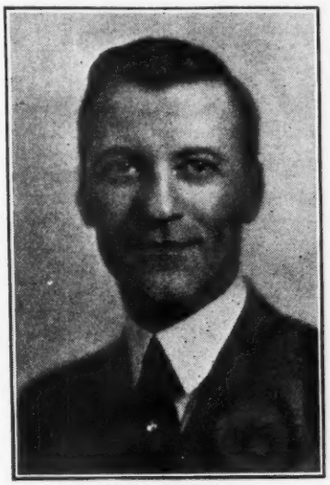
Twenty-five per cent of fees collected from visitors to National Parks would be paid to the state in which the National Park lies, to be spent for the benefit of the county or counties in the manner prescribed by the state legislature, under a bill introduced by Senator Hayden, of Arizona. Payments to the state for the benefit of the county would be limited to 40 per cent of the county revenues in any year. . . . A "memorandum of understanding" between the National Park Service and the Grazing Service stipulates that "before the National Park Service issues or renews permits for grazing where such permits will affect the range management program of the Grazing Service, the local representatives of the two services shall endeavor to determine jointly the persons to whom the permits shall be issued, but the National Park Service shall determine the number of live stock and the area to be grazed." Grazing fees exacted by the Park Service will not be in excess of those charged by the Grazing Service.

TRAFFIC

ANNUAL REPORT OF TRAFFIC COUNSEL

BY C. L. AND CHAS. E. BLAINE

(Continued from March Issue)



Chas. E. Blaine

FORMAL CASES PENDING BEfore the Interstate Commerce Commission at the beginning of this year were:

No. 17000, Part 9 Live Stock Western District Rates, 176 I. C. C. 1, and 190 I. C. C. 611, and I. & S. *No. 4541 Live Stock West to Central and Southern States.*—The commission consolidated these cases for hearing and disposition. The former case, hereinafter referred to as No. 17000, Part 9, was reopened for further hearing in all respects as it relates to the application of the 85 per cent rates on feeders, responsive to the third petition of the rail lines in the western district. In their petition said lines sought reconsideration and modification of the prior reports and orders of the commission allegedly to correct abuses which they asserted had grown up and threatened to increase under the present adjustment of rates. They further requested authority to cancel from the tariff all rates, both intrastate and interstate, local and proportional, arbitraries, rules, and regulations now in effect on feeders, and thereafter to assess and collect the 100 per cent rates in the first instance thereon. If reshipment is made to another destination beyond the first destination or reloading station at the interstate 100 per cent rates prescribed by the commission in its prior reports and the shipper or consignee complies with numerous and burdensome requirements, including the filing of a claim and sustaining the burden of proof imposed by the proposed rules and regulations, then the rail lines will reduce the charges on the prior shipments, generally speaking, to the basis of the 85 per cent rates and pay the claim.

I. & S. No. 4541 arises out of the action of the defendants in *Belt R. & Stockyards Co.* v. *Alton R. Co.*, 225 I. C. C. 649. The complaints there were filed by the public stockyards of Indianapolis, Evansville, and La Fayette, Indiana; Cincinnati, Cleveland, and Dayton, Ohio; Nashville, Tennessee; Louisville, Kentucky; Peoria and Chicago, Illinois, and Montgomery, Alabama, alleging that

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Chicago, Ill. — Omaha, Neb.
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Nat'l Stock Yards, Ill. — Ogden, Utah
Fort Worth, Tex. — Denver, Colo.
San Antonio, Tex.

the carload rates on feeders from the western district to the public markets named were unduly prejudicial, and that the rates to other points were unduly preferential. Rates to the East and South were and are made by the use of proportional rates up to the Mississippi River crossings or Chicago, generally arrived at by deducting 3 cents from the 85 per cent rates and 4 cents from the 100 per cent rates; east thereof and north of the Ohio and Potomac rivers, in what is commonly called central territory, by deducting 2 cents from the single rate basis applicable on fat livestock, also on feeders, in that territory; and in the south the local rates, either 100 or 85 per cent rates, which the commission approved in *Live Stock, Southern Territory, Rates,* 171 I. C. C. 721. The proportional rates are subject to certain conditions, one of which is that they are applicable only on shipments which the shipper does not direct to be moved into the market stockyards at Chicago or the Mississippi River rate-break points and which move to points beyond to which through rates are not provided. The complaints in the Belt case were predicated upon the fact that the western proportional rates on the 85 per cent basis were restricted in the same manner as the locals, so as not to be applicable if the destination of the shipment was a public market. The commission found undue prejudice and preference to the extent that the western factors differ from those prescribed in the original report in No. 17000, Part 9, as modified by the finding in the report on further hearing. The commission, in its report therein, at page 660, stated:

"Under this finding, the maintenance of feeder rates to public markets and public feed yards is not required, but, if they are voluntarily maintained to the public feed yards herein found to be unduly preferred, they must be likewise maintained, under similar restrictions, if any, to the public markets herein found to be unduly prejudiced. The evidence herein is not specific enough to enable us to designate all the unduly preferred points which are public feed yards. To slaughtering points and points in close proximity thereto, where situations have arisen like those described at page 649 of the report on further hearing in *Live Stock-Western District Rates,* supra, this finding permits defendants to require proof of a further haul by rail as a condition precedent to the application of the feeder rates. This is not blanket authority to require proof of a further rail movement in connection with all stocker and feeder rates, but our statement in connection with the finding in the report on further hearing that the carriers 'will be expected to use this permission with discretion and not require proof of outbound movements at points adjacent to slaughtering points where there is little or no likelihood of live stock being unloaded for slaughter' is applicable here. The evidence is not specific enough to enable us to name all the points at which slaughter of live stock delivered at feeder rates occurs. Complainants state that there are 655 points at which slaughtering permits have been issued in the six states in which the complaining markets are located. In brief, it will be seen that situations exist in this destination territory which give rise to violations of Section 3, but to make an order naming all the points at which such violations occur would require more specific evidence than is here available. Upon such a state of facts, no further hearing and no order should be necessary, but defendants should themselves take prompt action to correct the situation. This we shall expect them to do. No problems are presented by the correction of the situation which could not be solved by a joint conference of defendants, complainants, and the shippers and receivers of live stock."

As the complaints in the Belt case did not allege that the 100 per cent rates were unreasonable on feeders moving to the complaining public markets but merely alleged they were unjustly discriminatory and unduly prejudicial, the commission, under the law, was prohibited from ordering that the undue prejudice found should be removed by establishing the 85 per cent rates to the complaining public markets. Under the law, the commission was compelled to give the rail lines an alternative.

Defendants chose the alternative of canceling application of the 85 per cent rates on traffic destined to the so-called non-public markets, which are the public feed yards mentioned in the quotation. To all other destinations in Illinois, Indiana, and Ohio not classed as public or non-public markets and to numerous stations in Alabama, Kentucky, and Tennessee as named in the schedules the 100 per cent proportional rates were made applicable in the first instance subject to refund later to the 85 per cent proportional basis on the western factor upon a subsequent reshipment by rail. The shipment to the second destination was required to be made within one year but not less than thirty days from the date of the freight bill covering the inbound movement. To the remaining destinations in Alabama, Kentucky, and Tennessee the 85 per cent proportional rates were to be continued and the benefit of such rates was to be accorded immediately upon delivery.



Under these schedules the 85 per cent rates were not accorded in the first instance from the western district to any destination in Illinois, Ohio, and Indiana. Upon protest of various live-stock interests and others, Division 2, by order of October 14, 1938, in I.&S. No. 4541 suspended operation of the schedules. On October 22, 1938, the commission on its own motion vacated and set aside the order of October 14, 1938, in so far as it suspended the operation of the schedules but continued the investigation into the lawfulness of the rates, charges, regulations, and practices contained in the schedules and assigned it for hearing with the reopened No. 17000, Part 9. The schedules became effective November 1, 1938.

Briefs were filed by all parties with the commission on March 15, 1939. Our brief, in two volumes, in which the Texas producers and the Idaho and Utah commissions joined, comprised a total of 307 pages and appendices A to Q. With the exception of the Colorado, Nebraska, and Missouri commissions, all of the regulatory bodies in the other western states either filed separate briefs or joined in our brief protesting against the rail lines' proposals. Armour, Cudahy, Swift, Wilson, and Peyton packing companies likewise filed strong briefs in support of the producers and in opposition to the rail lines.

The public markets of Denver, Oklahoma City, Wichita, Kansas City, St. Joseph, Omaha, Sioux City, St. Paul, and East St. Louis, which had participated throughout the hearings, reiterated on brief their contention that the application of the 85 per cent rates on feeders to country points and the 100 per cent rates thereon to the central markets, as prescribed by the commission, resulted in undue preference of the country points and undue prejudice to the central markets.

The eleven eastern public stockyards, hereinbefore named, which, upon the hearing in I.&S. No. 4541, attempted to justify the rates which became effective November 1, 1938, on brief took the position that said rates were justified. However, the rail lines, upon which the burden of such justification rested, had made no attempt on the hearings or in their brief to justify said rates. On the other hand, they sought to cancel the proportional rates on feeders to Chicago and the Mississippi River crossings on shipments moving beyond to destinations east of the Illinois-Indiana state line.

The examiners' report, consisting of ninety sheets and an elaborate appendix, was rendered late in August, 1939. It was adverse to our contentions.

In No. 17000, Part 9, respecting the alleged abuses which, we submit, were the primary ground upon which the rail lines' petition for reopening rested, the examiners stated:

"Summing up: abuses of the 85 per cent rates do not afford justification for the proposed tariff provision. It definitely appears that respondents have not ex-

hausted the methods within their grasp for the mitigation of these abuses."

Notwithstanding this fact, the examiners then dealt with the reasons previously and repeatedly found by the commission in justification for the 85 per cent rates and erroneously, we believe, found that changes have taken place with respect to some of such reasons subsequent to the prior reports and orders of the commission. Based upon such findings, the examiners concluded that the proposed rules, revised in the particulars indicated in their report, are practical of application and are reasonable and not unduly prejudicial under the circumstances and conditions which they contend now exist in the western district; moreover, that in their opinion respondents should be permitted to apply those rules, experimentally at least, and observe their effect; furthermore, that it is doubtful if their effect will be as fully satisfactory as respondents anticipated either to themselves or to the shippers.

The examiners apparently realized that their recommendation if adopted would result in substantial increases in the present charges on feeders but made such recommendations as a mere expediency. The examiners, at sheet 89 of their report, stated:

"The dual basis of rates on live stock creates situations which, although on past records found to be not unduly prejudicial or unreasonable, cause friction between shippers and carriers; it also presents, as the commission has recognized, policing problems and other difficulties. These, in our opinion, will not be wholly removed by the proposed transit arrangements, which in effect will continue a dual rate system. Respondents on this record refer to the fact that they have long sought to obtain a single rate basis, and several of their witnesses expressed the view that only by the adoption of a single rate system will the difficulties, problems, and frictions arising out of the present rate adjustment be entirely removed. Conditions at the time the former hearings were held, as developed on these records, did not in the commission's judgment justify the abolition of the dual rate system. A single rate system at a level intermediate between the two present rate levels and designed to produce in the aggregate, as the present dual rate system was designed to produce, revenues under which live stock will bear its fair share of the transportation burden would involve moderate increases in the rates on stocker and feeder animals and moderate reductions in the rates on fat animals and would effect equality of treatment as between the two branches of the industry. It is also quite probable that it would mean no greater increased revenues in the aggregate on the total volume of stocker and feeder traffic than will the proposals herein approved, under which refund to the lower rate basis will never be made on many shipments. However, the determination of the desirability of such a rate basis is beyond the issues of this proceeding as reopened."

With respect to the contention of the nine central markets that the 100 per cent rates applying thereto on feeders are unduly prejudicial and the 85 per cent rates contemporaneously applicable to country points are unduly preferential, the examiners, by inference, and basing their findings almost wholly upon decrease in the receipts at said nine central markets since 1931, found that they were unduly prejudiced. The examiners in their report at sheet 76 stated:

"We do not see that any purpose would be served by a specific finding upon the question of whether the markets are unduly prejudiced and other points unduly preferred under the present situation. Such a finding would of necessity be confined to the particular points covered by the testimony. . . . Any prejudice or preference which may exist will be removed by the application of those rules and regulations." (As approved and recommended by the examiners.)

That the receipts at the nine central markets have relatively decreased since 1931 does not warrant a finding of undue prejudice as made by the examiners, because, as the record shows, the number of public markets in the western district trebled between May, 1928, and September 30, 1938. On the latter date there were seventy-eight public markets in the western district, yet only nine thereof have complained that the 100 per cent rates were unduly prejudicial to them.

In I.&S. No. 4541 the examiners erroneously stated, we think, in substance, that the reasons justifying the cancellation of the local rates in the western district are equally cogent reasons for canceling the proportional rates on feeders to all points in the East and South, as proposed by the western rail lines, and recommended that the commission find that said respondents have justified the cancellation of the proportional rates (which only apply when there is a subsequent movement beyond Chicago or the Mississippi River crossings).

The general summary and conclusions of the examiners are that the commission modify its former orders so as to permit the western rail lines to cancel from their tariffs all reference to stocker and feeder live stock, provided that they contemporaneously make applicable the rates, rules, and regulations approved by the examiners in their report.

The commission upon request of the protesting live-stock producers, state commissions, and packers very kindly granted an extension of time to October 15, 1939, in which the parties could file exceptions to the examiners' report. After the postponement was granted, said protestants, along with representative of the Department of Agriculture, held conference in Chicago, at which the report was gone over in detail and the extent and nature of the exceptions to be filed thereto were determined.

Exceptions were filed by our associations in which the state commissions of Idaho, Montana, Nevada, and Wyoming joined Texas producers, the marketing association, Secretary of Agriculture, Kansas Live Stock Association, Armour, Cudahy, Swift, and Wilson packing companies, and the other state commissions which had participated in the hearings, with the exception of the commissions of Colorado, Nebraska, and Missouri. Replies to the exceptions were filed by the western rail lines, central markets, and eastern stockyards, except Chicago, on November 5, 1939.

Oral argument was had before the entire commission and co-operative committee, consisting of Hon. Amos A. Betts (Arizona), chairman; Walter K. Granger (Utah), and John J. Murphy (South Dakota), for the National Association of Railroad and Utilities Commissioners of

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CHICAGO, ILLINOIS

the United States, November 9 and 10, 1939, in Washington, D. C. Counsel for the rail lines, central markets, and eastern stockyards supported the examiners' report and requested that the commission adopt it as its own. On the other hand, protestants, who had filed exceptions thereto, including the Secretary of Agriculture, pointed out what they believed to be errors of commission or omission in the examiners' report and urged the commission to reject it and dismiss the proceedings.

In our exceptions we indicated the unsoundness of respondents' Exhibits R-56 and R-57 and the findings and conclusions of the examiners based thereon. The rail lines in their reply to our exceptions and on oral argument denied the facts set forth in our exceptions with respect to said exhibits and contended that they were wholly correct. However, since that time the rail lines' representative in a letter to the commission has conceded the incorrectness of the exhibits named and the commission has granted him thirty days in which to present correct data. The commission has also granted protestants twenty days thereafter in which to show cause why such new data should not be received or considered as a part of the record. Thereafter, within a reasonable time, the commission will no doubt hand down its decision.

The Chicago public market did not file exceptions to the examiners' report nor participate in the oral argument. We are not informed why the commissions of Colorado, Nebraska, and Missouri, after participating in the hearings, failed to file briefs, exceptions to the examiners' report, or participate in the oral argument.

However, we would be false to our duty if we here failed to commend the other state commissions, Secretary of Agriculture, Texas and Kansas producers, and the marketing association for their close co-operation, support, and invaluable work in these proceedings.

I.&S. No. 4728, Live Stock between California Points.—By schedules filed with the commission by the Southern Pacific Company and the San Diego and Arizona Eastern Railway Company to become effective November 7, 1939, it was proposed to cancel the present interstate rates, stated in amounts per car irrespective of the weight therein, on live stock between points in California and between certain points in western Nevada and California, also between points in southern Oregon and California, and to establish interstate rates, stated in amounts per 100 pounds based on varying minima, in lieu thereof between points in California and between certain points in western Nevada and California but not between points in southern Oregon and California on the bases of the rates prescribed by the California Railroad Commission in its decision in No. 31924 of April 11, 1939.

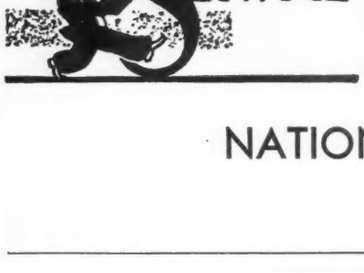
Under the proposal the 100 per cent rates would be applied not only on fat live stock but on feeders as well in the first instance. If the latter were reshipped by rail from the first destination, subject to substantially the same provisions as involved in the reopened and pending No. 17000, Part 9, including the filing of claim by the shipper or consignee, the rail lines above named would refund charges on the original movement to the first destination to the basis of the 85 per cent rates. Stated otherwise, the aforesaid lines proposed to establish on California interstate traffic from and to the points concerned substantially the same rules and regulations respecting feeders as those now involved in reopened No. 17000, Part 9, which has not been decided by the commission.

Upon protests of the California Cattlemen's Association, California Wool Growers' Association, filed by John Curry, and the American National and National Wool Growers' associations and the Nevada State Cattle Association, filed by us, and the Northwestern Live Stock Shippers' Traffic League, filed by Arthur M. Geary, the commission suspended the proposed schedules to June 7, 1940, in its order of November 6, 1939.

Based on the minima, as distinguished from the average carload weight of live stock under the present per-car rates, the proposed rates are reductions, but, as those on feeders were contingent upon the subsequent reshipment by rail as proposed in reopened No. 17000, Part 9, we were and are convinced that the live-stock industry would have been more injured than benefited had they become effective. Moreover, the establishment of said rates would have mitigated against (a) the California live-stock interests which have been and are protesting against the rules and regulations on the intrastate movements between points in that state before the California commission, and (b) the live-stock industry of the western district in reopened No. 17000, Part 9. This is evidenced by the fact that the rail lines had copies of the decision of the California commission mimeographed to present as part of their oral argument before the commission in No. 17000, Part 9. However, when they learned that the commission had suspended the interstate rates three days prior to the opening of the oral argument they did not present or urge the California decision as reason why the commission should grant their proposal in No. 17000, Part 9.

The California intrastate rates and the objectionable rules and regulations providing that the 100 per cent rates be applied on feeders in the first instance became effective November 7, 1939, and are now in effect. They are a menace to the best interests of the live-stock industry of the nation. Moreover, a careful reading of the decision shows that the California commission was laboring under a misapprehension or misconception of the facts and decision of the commission in the Matador case.

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No, we are not in the restaurant business, where the whole day's receipts must be derived from smashing, slam-bang service to customers during a brief hour or so, while the customers have the time to eat. But, as a live stock selling agency, we at the NATIONAL will render as much of the spirit of service as you have ever seen in any business, whether it be a short-order restaurant or a transcontinental airplane. Intelligent, aggressive service is the keynote of all operations at the NATIONAL of KANSAS CITY. We feel that, by constantly striving to this end, the NATIONAL offers at all times a superior live stock service.

NATIONAL LIVE STOCK COMPANY
OF KANSAS CITY
KANSAS CITY STOCKYARDS

CATTLE DEPARTMENT

Fred H. Olander
J. Willard Olander
Al Coffman
James R. Wilson
Alex MacGregor
Tom Ament
Leo McCarthy

SHEEP DEPARTMENT

Laurence Tice

MARKETS

THE DIPS AND ANGLES OF LIVE STOCK TRADE

By J. E. POOLE

ADAM SMITH'S ECONOMIC PRECepts, enunciated a century ago, still operate effectively. Efforts to muzzle the law of supply and demand are proverbially futile. Live-stock trade in all its dips, angles, and sinuosities emphasizes this fact. The moment fat-cattle supply declined within actual requirements prices advanced. Under a constant deluge of hogs that branch of the trade uncovered the year's lowest levels. And in the sheephouse passing of the residue of the winter-fed crop into strong hands put a stout prop under the price list.



Reversing precedent, the cattle market held its previous advance during Lent—a period when sea food is credited with cutting a wide gastronomic swath. Factually, Lent had nothing to do with the case, although church authorities have materially ameliorated restrictions during that abstinence period. Supply of fat cattle was reduced. Consumers, sated with cheap pork, resumed buying beef. And as product moved into distributive channels with more celerity killers were under the necessity of replenishing coolers. They resisted the advance strenuously, but, as the country had the situation well in hand, were forced to come across.

In a futile effort to check the upturn, killers frequently laid out of the market until late in the session. The best they could do on expanding supply was take off 25 cents per cwt., only to restore it on the following session. By mid-March the man at the beefhouse who dictates cattle buying was in despair. Previously word had gone out that the market was ripe for a dollar break, that the whole country was full of fat cattle, and that a time was nearing when cutting them loose would be imperative.

All this may have been mere propaganda. Possibly killers were kidding themselves. Information or prediction emanating from that source has never been taken too seriously by the trade, although feeders fall for it. Lower price prediction on this occasion was a prelude to rising cost. The flood of heavy steers killers predicted never materialized, for the reason that it was never in the visible supply. Instead of purchasing long-fed steers with a front figure "$10" during Lent, killers paid anywhere from $11 to $13, putting quotations up to the level of the corresponding period of 1939. That sales above $11.50 were few is obvious; otherwise the prices would have been impossible, scarcity being the keynote of the situation. Heavy steers, 1,460 pounds, sold at $13; others, weighing 1,300 to 1,500 pounds, at $11 to $12.25. All these cattle were shipper specialties. New York and Boston, after weeks of indifferent buying, became active, setting the pace above the $10.50 line, while orders from other eastern cities absorbed a large percentage of the so-called short-fed steers on corn four to five months at $9 to $10.25. Eastern orders, coupled with increasing scarcity of long-fed heavy steers, boosted the trading status of second and even third grades usable for substitute purchases in the kosher beef market. Reduced percentage of overweight steers obviated necessity for boning hind quarters—a loss entailing practice.

Pennsylvania, which laid in a crop of aged Virginia grassers last fall—an unsatisfactory experiment—cleaned up in February, removing supply pressure from that source. Canada, especially Ontario, mainly responsible for the crack in heavy steers a year ago, reported so feebly on this occasion that its contingent did not exert an appreciable influence on values, so that when the Corn Belt showed signs of exhaustion the whole market went on such a health basis that previous loss was turned into profit, some steers, well bought last fall, actually paying $1 per bushel for 50-cent corn. Confidence, lacking early in the year, revived. Feeders, who had previously refused to consider two-way or short-fed cattle, entered into competition with killers and for some unexplained reason supply of low-cost cattle was reduced to a volume where orders could not be filled. All these influences contributed to revival, establishing a reasonably healthy market where a debacle had been forecast, which merely emphasized the fact that majority opinion is invariably wrong.

Prediction that either the hog market would advance or cattle prices decline—by no means illogical—has been effectively discredited. Actually fat cattle advanced to the highest level of the year—back to prices current at the corresponding period of 1939—while the hog

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market slipped steadily until drove cost dipped below $5, or $2.50 per cwt. lower than a year ago. Explanation is easy: Hog product accumulated in storage, while beef went into distributive channels promptly. Killers worked the time-honored gags about crowded coolers, dead beef markets, minus profits, pork competition, and other banalities ad nauseam, only to pay more money for replacement. However, they used every trick in their kit to check the rising tide, going short of cooler requirements when supply was adequate, only to fill orders at higher cost on succeeding light receipts. Occasionally they had an inning, taking off 25 cents, but invariably were under the necessity of restoring it when the country or weather conditions reduced supply.

With a $7 to $13 spread on common-to-prime steers, bulk of current supply sells in an $8.50 to $10.50 range. Long-fed heavy bullocks are at the vanishing stage, putting weight in possession of the premium, which invariably establishes a healthy market, not only by reducing tonnage, but developing a supply of light- and handyweight products in the middle-price bracket, which does not meet sales resistance and carries merely a modicum of unsalable fat.

Scarcity of low-cost cattle operates to the advantage of those in the middle bracket—$9 to $10.50. Usually March and April develop a supply of ill-bred but fat steers of the type now selling anywhere from $7 to $8.25, including southern "yellow hammers" and "heretics"—cattle that fatten readily and can be substituted for yearlings at a period when the latter are invariably scarce. In recent years Corn Belt feeders have run a fine-toothed comb through Gulf Coast canebrakes, Arkansas hills, Tennessee mountains, and other sections where such cattle grow, effecting a clean-up. Last fall they experienced hard luck at the gathering stage, insuring deficient supplies at the finished stage. This has developed a broad market for light heifers, poorly bred and otherwise, selling in the $7 to $8 range, including a mess of half-breed dairies. Demand for low-grade beef is constant; when supply fails, cattle furnishing it sell out of line with better grades.

Since the market got out of its January rut, feeders are more contented. They realize that replacement was high last fall and are satisfied when getting a profit on the board bill. Faced with heavy loss early in the season, cattle are paying out meanwhile, but always the spectre of excessive weight hangs overhead. Fifty-cent corn insured reasonable cost gains. It has been a beef-making winter, cattle frequently putting on two and one-half pounds daily, and in many instances more. Killers are getting satisfactory yields. In fact, the bulk of the winter-made crop hangs up ideal carcasses, exactly suited to beef trade requirements.

Heifers are popular with feeders and killers. Heavy Colorados, 900 to 1,000 pounds, earn $10 to $10.50, but the bulk of supply weighing 650 to 850 pounds sells in a range of $8.50 to $9.25. While the steer market has wobbled 25 cents per cwt. either way from day to day, heifers are on a non-fluctuating basis, supply frequently disappearing before buyers manifest the least interest in steers. A short supply of cows maintains a $4.50 to $5.50 canner and cutter market, costing $9 to $10 in the beef; beef cows vend anywhere from $5.75 to $7.50; and bull buyers pay $7 to $7.25 for sausage filling material.

Stock-cattle prices, reflecting a healthy beef market, show a hardening tendency. At Chicago short-age calves are worth $10 to $11 per cwt.; heifer calves, $9 to $9.75; green yearlings, anywhere from $9 to $10; and 900- to 1,000-pound warmed-up steers, $9 to $9.50. Feeders who refused to look at the two-way kind until well along in March changed their policy overnight, further accentuating scarcity of lower cost killing steers. Heralding the use of grass, pasture men are taking anything wearing a hide regardless of merit, paying $6.50 to $7.50 per cwt. for half-breed dairies and even straight Holsteins. A former spring supply of native red cattle has dried up consequent on the drought which sent cows to the beef-rail, dairy breeds taking their place. Missouri, a prolific source of supply a decade ago, is now reduced to the extremity of purchasing in the Southwest. A herd of grade beef cows in Iowa, Minnesota, or Wisconsin is a novelty.

Heralding reduced swine herds is an accumulating supply of porcine trash at all markets—100- to 130-pound pigs and unfinished 140- to 170-pound shoats. As the country is getting out of swine production, demand for feeder pigs is negligible. The regular hog market fluctuates 10 to 15 cents per cwt. daily; not more over a week. Occasionally the top goes over $5.50, but average drove cost constantly flirts with $5, occasionally dipping under that line, and a raft of heavy butchers—finished barrows weighing 280 to 350 pounds—sells in a $4.75 to $4.90 range. Eventually the market will get out of this rut, but prospective summer supplies are heavy. Before the old crop runs out, a premature sow movement is inevitable. Probable prices are $4 to $4.50 per cwt. Current stocks of meats and lard are burdensome. Impending sow liquidation will merely increase the load killers are lugging around, hopeful but not confident of a profitable merchandising season. The old crop—pigs farrowed in 1939, spring and fall—is by no means exhausted, as every scant advance in price starts a run.

Fat lambs ran into squally weather in March, when the top dropped abruptly from $10.60 to $10. At the bottom of the break, $9.75 to $10 took the bulk. Recovery followed, but the trade is sensitive to supply. Eastern dressed markets are again lagging, dressed lamb prices getting out of line with pork, and a sluggish wool market is against action, although packers are still crediting fleeces with $2.50 per cwt. live weight of the animal. Yearlings have been cleaned up, and short lambs at $9.50 to $9.75 have never been so scarce. Fat ewes are on a $4.75 to $5.50 basis, western fed females making $6. Until the advance guard of the California spring crop moves, the market will be on a semiscarcity basis, but there will always be enough to go around. Colorado and western Nebraska are cleaning up leisurely. Corn Belt winter feeding is practically liquidated. Kentucky and Tennessee lambs will move two or three weeks behind normal schedule, for which the most severe winter on record is responsible.

FAT CATTLE

PROCESSORS ARE HARKING back to the 1937 cattle trade debacle, hoisting danger signals. From a beef-consumer standpoint, current prices are high enough. Further appreciation will restrict sales, especially if cheap pork continues.

"We have a vivid recollection of what happened late in 1937 when top steers sold up to $19.90. Although the spread was wide at that time an advancing top always exerts a strong pull on cheaper grades. Supply conditions now resemble those of 1937 in some respects. Corn costs less, stock cattle more; but it is doubtful if the visible supply of fat steers is a single animal in excess of the corresponding period of 1937. Top cattle are now worth $12.75 and $13, so that there is danger of the situation again getting out of hand."

This statement discloses killers' policy. They are resisting every upward price tendency, to the extent of going short of actual beef requirements. On 25-cent breaks they clean up the crop, but with a show of reluctance. Beef cooler contents may be at low ebb, but packers wear poker faces. Always the market opens with a stereotyped yarn of full coolers, glutted outlet channels, and r-o-t-t-e-n wholesale markets. Any alibi, regardless of logic, is better than none. This will be the play right along. On semifamine receipts prices will be marked up; whenever a few steers in excess of the day's requirements report, chiseling will be resorted to.

Every scrap of prediction emanating from the buying side of the market has been discredited—not to speak of official estimates. During the January and February liquidation, when the fat-steer market was semidemoralized, killers advertised a dollar decline, a glutted March and April market, and a prolonged period of easier picking. When slaughter was curtailed in March and they ran into hard picking, muddy roads and other excuses were paraded. Despite cheap pork, beef went into consumption, and, although the Lenten period checked the upturn, a strong undertone was sensed.

By April the visible supply of long-

fed steers was the smallest since the acute scarcity period of 1937 when dollar corn rather than cattle scarcity—as replacement cost was relatively low at that time—was the responsible factor. Apprehension of running into unprofitable weight—not gain cost as corn is actually cheap — precipitated current supply conditions. Midwinter production was arrested by determination on the part of feeders to avoid the heft snags, as at no time up to late February did they have the least incentive to carry steers over 1,250 pounds. Killers fought the advance from $11 up to $13, although few cattle were available above the former figure. By mid-March they paid $13 for heavy bullocks repeatedly —one drove weighing 1,643—a spread of $10 to $10.75 taking big steers pronto that six weeks previously hung around the market several days before getting satisfactory bids. Yearlings went to $12.75; on a $10.50 to $12.25 market for the bulk.

Whenever big steers take possession of the premium, other weights follow. Killers sense a danger in paying higher top prices even on a handful of steers. A few weeks hence, they will get a run of yearlings and yearling type steers that will ease their necessities, and if prices are attractive this crop will be picked before ripe. A $9 to $9.50 market for the general run of heifers, with choice grades making $10 to $10.50, has dislodged that crop prematurely, as a long string of $8.50 to $9 sales demonstrates.

Augmentation of heavy cattle supply during the ensuing three months is impossible, as ten to twelve months is consumed in making them, and few two-year-old steers are available to put on weight in 100 to 120 days. This type of steers is ill adapted to New York kosher trade, although Boston will take them. Last year Canada loaded the domestic market with heavy steers during the April-to-June period, exceeding its quota for the quarter at the middle of May—a performance impossible of repetition. That practical elimination of Canadians this year inserted a stout prop under the fat-steer market will not be seriously disputed, as swelling a one-well supply by 10,000 head now insures 25- to 50-cent declines, and a 25-cent break in a single week is now the limit.

Spring and summer fat-cattle market prospects are:

Steers on feed will be cashed at light and medium weight at every favorable opportunity. Feeders will load on bulges, holding back on breaks. Reversing this policy would be advantageous to them, as it throws an occasional gob into the market hopper, enabling killers to replenish coolers at cost salvage.

Long-fed steers have been marketed so closely that these types, regardless of weight, are in strong position. As feeders have avoided taking on two-way fleshy steers for three months past, weight deficiency will continue.

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An early picked, unripe yearling crop impends. When such cattle earn $10 to $10.50 per cwt. they will move. Choice yearlings, the present $11.50 to $12.50 kinds, will continue scarce despite seasonal increase in weight and growth. A measure of confidence has returned to beef-making circles, but nervousness is still in evidence. Feeders are in a mood to take profits, especially when cattle are able to pay 75 cents to $1 per cwt. for 50-cent corn.

Any advance in gain cost will have a tendency to dislodge short-fed cattle. The AAA policy is putting corn up to the loan price or the "parity" price, if possible. So far it has succeeded in neither effort, although anything may happen. A 7 per cent cut in corn acreage this year, with a short yield prospect unless timely precipitation arrives, means reduced cattle feeding in the event that replacement cost is maintained.

Feeders are indisposed to carry steers on full feed more than 120 days, as added weight is expensive. Maximum profits currently are on ninety- to 120-day feeds. Steers selling in the $9.50 to $10.50 brackets are making more satisfactory net returns than the $11 to $12.50 types. Punishment taken last year on long-fed big steers is not forgotten.

Summer beef supply will be augmented to some extent by putting steers roughed through the winter on maintenance rations, with supplemental concentrates in the dry-lot 100 days or less. This practice insures minimum cost gains and is decidedly popular.

A delegation of calves and light yearlings acquired last fall and merely roughed during the winter is intended for summer pasturing, with access to unlimited grain and concentrate rations. A profitable summer market will send these to the dry-lot; otherwise they will be summered cheaply to eat new corn.

Commercial cattle feeders, who normally make a local market for corn, are liquidating on short-feds, as grain is closely held. In 1937 they went to the elevator for a supply. These receptacles are now empty, as corn is stored on the farm, sealed or otherwise, for a bulge in prices. If the new crop is planted under favorable physical conditions, the stream will swell; threat of a partial crop will dry it up.

No war demand for beef is possible unless the European situation changes. South American cattle prices have declined and such surplus fat steers as Canada holds can't be sent over the Atlantic owing to lack of steamer space. Belligerent European governments are definitely maintaining short rations, and, as pork is cheap, imports will be confined to that product.

All this sums up as follows:

Maintenance of current fat-cattle prices is all that can reasonably be expected. This does not imply that appreciation is impossible or even improbable. Consumers are in economical mood. Pork has not been so plentiful or cheap in many years, and heavy summer production of that meat impends. Poultry is also cheap and abundant. Storage stocks are at record volume, and there is selling force behind the product.

Processors are ready to launch a brisk summer selling campaign for disseminating "hot dogs" and "hamburger." Record sales are contemplated. Advertising this effort as a boon to beef-makers, processors ignore the fact that when they send a pound of ground meat into the consumer maw the sale of an equal quantity of standard product is prevented. Extensive expensive advertising of sausage and ground meat furnishes prima facie evidence that the traffic is profitable.

A jittery spring and summer cattle market is inevitable, as processors will keep on a hand-to-mouth basis. Truck transportation does not make for price stabilization, as these carriers may be loaded whenever market radios furnish incentive to get on the following day's market, and a 25-cent advance is always an attractive bait, especially when feeders are anxious to cash. Commission houses are constantly importuned by country clients for notification of a spot on which "to get off at," which is also contributory to uneven day-to-day supplies.

Engaged in liquidating with all possible celerity cattle laid in last fall and since, feeders are creating a replacement demand that may not be filled at current cost if nature proves to be in beneficient mood. Admittedly stock cattle are costly; prices are actually out of line with the beef market, but feeders have no alternative other than to go the route Expanding acreage of Corn Belt grass means increasing demand for cattle (also lambs) to eat it. What effect a partial drought would exert on this demand cannot be predicted, although curtailment would be logical. Corn Belt pastures dried out last fall, going into this spring with short carrying capacity, but with treatment, fertilization, and heavy seeding they need only adequate humidity to create feed abundance.

STOCK CATTLE

RISING STOCK-CATTLE PRICES under circumstances calculated to inspire caution are symptomatic of scarcity. Current demand has been impaired to some extent by a dry winter east of the Missouri River, a continuing semidrought since last fall. Increased pasture acreage—the logical result of taking land out of corn production—is responsible for urgent orders, the major problem being to restock it. An upturn in the fat-cattle market also exerts an influence.

Winter replacement was below normal volume, interior sales have been curtailed or suspended, and the movement through the central markets reduced. Spring rain will revive demand, as potential buyers are numerous. As it is improbable that all the grass will get cattle, demand will continue well along into the summer, with a probable lull when urgent orders have been filled. Many prospective buyers will delay in the hope not of a bargain sale but easier terms later on. A popular die-hard impression that the trans-Missouri breeding area is still full of young cattle is at the vanishing stage as the real situation dawns.

A dry vernal season is by no means improbable, as winter precipitation was far below normal, the ground was frozen, and such snow as fell was dissipated by the atmosphere or ran off. But pasture improvement, which amounts to a furore, must be reckoned with, instances being reported where carrying capacity has been doubled and even trebled since the program was launched. Contour plowing on rolling lands introduces a new problem, as it involves "stripping" former grain fields with grazing crops. Various grass mixtures producing phenomenal results add to the consumption puzzle. Experiment stations are reporting equal, if not larger, profits with grass than keeping land in grain.

There is also the problem of consuming the residue of the past three big corn crops, which will be partly solved by a partial failure this year, by no means impossible, as the subsoil is dry everywhere. Substantial additions to the 1939 crop of soys and doubling the previous acreage in grain sorghums must also be considered. Hay silage, mainly alfalfa and Sargo, is displacing that much corn, sending the salvaged portion of that crop to the crib. Around 400,000,000 bushels of 1939 corn production is under seal, not to speak of an enormous quantity in private hands, now tightly held in the hope or confidence that the AAA parity goal will be reached. Winter corn consumption was low, as processors are using such imported starch substitutes as tapioca and sago and fermentation demand is seriously diminished by using sugar by-products. Summer beef-making under new conditions means cheap gains on grass with a modicum of grain. Winter feeders are reducing cost by substituting other feeds—a switch rendered necessary by holding corn off the market.

Down in the Southwest the visible supply of young cattle is closely held by breeders or speculators conscious of the security of their position. Scores of feeders and order buyers have returned empty-handed from areas where in recent years they received a glad-hand demonstration. Up to the time this is written, actual trading is of restricted volume; asking prices are at a prohibitive altitude. No contracts have been made for Flint Hills and Osage grass at early asking prices—$8 to $9 per steer—and it is probable that the movement will be late. Last year a Texas hegira was started by short feed down

that way; this season, with reduced holdings, that section is in a position to carry along.

Few Mexican calves and yearlings will be available, as that government has put an embargo on female stock. The Northwest is short and would buy cattle if prices were lower. A considerable number of calves and yearlings, taken to the Corn Belt last fall, have been winter-roughed; but at least 60 per cent of the 1939 purchase was in the visible beef supply at the turn of the year and has been liquidated meanwhile, creating a serious replacement problem. Current demand is for calves and light yearlings, as the investment is on such a lofty basis, especially when gauged by the fat-cattle prices, as to render the outcome dependent on maximum gains.

Stock-cattle prices for the season may not be already determined, but the spring market is made. Given a rise of grass and a normal corn crop, commercial growers will be in a position to dictate terms, especially if the summer fat-cattle market is equal to a creditable performance.

FARM PROBLEM

DURING THE FIRST THREE months of 1940 the writer traveled approximately 9,000 miles, talking to twenty-seven live-stock gatherings in nine states. These included dinners given to feeders by commercial clubs, such organizations as Kiwanis, Rotary, and Lions, and farmer-feeder organizations, furnishing opportunity to sound out agrarian opinion on such subjects as farm problems, live-stock production, and kindred subjects. Predominant opinion garnered is that:

Not even an approach to the solution of current farm problems has been made;

So-called farm benefits, contributed by the national treasury, are merely palliatives, ephemeral in their nature;

The present corn surplus can be relieved only by a short crop this year;

Nothing is wrong with cattle and sheep feeding except high replacement cost;

Utilization of new pasture acreage, the result of reduced corn and wheat allotments, is a new and serious problem;

Agrarian gratitude for government appropriations is negligible;

Further contraction of corn acreage is mildly resented and will be complied with only as long as the flow of corn-hog checks continues;

Reducing grain acreage allotments merely stimulates effort to increase acre yields;

Substitution of grain sorghums such as Sargo, which is a favorite, has a decided tendency to curtail corn consumption.

Government intervention has materially increased Farm Bureau influence in agrarian industry. In fact, that organization dominates the situation. Occasionally one runs across a gathering fostered by one of the minor organizations. The once aggressive Farmers' Union has all but disappeared; the Grange of post Civil War prominence boasts of a few scattered "lodges" devoted to social purposes. All-dominant is the Farm Bureau, government supported, which occupies spacious quarters at every county seat, frequently ensconced in the court house.

Prior to the new agrarian dispensation, the Farm Bureau was shrinking. Deflection of thousands of members, by the simple yet effective process of failing rather than refusing to pay dues, sapped its financial if not numerical strength. At a critical moment along came a flood of corn-hog checks and other currency from Washington and collection of dues became automatic. Thus the influence of the organization was vastly enhanced by county and township committee organizations, patronage distribution agencies. The erstwhile impotent county agent no longer went afield in his original agricultural advisory capacity. His lone stenographer developed into a battery, pay rolls increased as the staff multiplied, and the agent himself devoted his entire time to Triple A work.

The Farm Bureau is now at the height of its efficiency and power, so adequately financed that opposition would be futile. It makes cultivation allotments, the various committees being part and parcel of the organization, and collects dues from corn-hog checks, which also insure membership. Under new conditions the county agent is relieved of the arduous task of soliciting memberships and collecting the cash necessary to lubricate organization machinery, as the money flows in a perennial stream from floodgates down on the Potomac.

Bureau magnates are far from satisfied, however. They protest volubly against constant necessity for logrolling in the halls of Congress without which appropriations would be cut to the quick. Earl Smith, No. 1 chief so far as Illinois is concerned, would fix an annual appropriation for a series of years in advance. At this session of Congress, logrolling has been strenuous, as President Roosevelt opened the melee by advising a slash which the official appropriators exceeded, whereupon Secretary Wallace hopped into the breach with a declaration that reducing benefits would exert serious political adverse influences. The Senate restored the House cuts, and at this writing the subject is still on the fire, with practical certainty that the final vote will restore last year's expenditures if not add something for good measure.

HOG PROBLEM

PORK AND LARD PRODUCTION is at high tide; subsidence is inevitable. This year hog slaughter has reached an eight-year peak. A large spring pig crop is here, and heavy liquidation of breeding stock impends. January and February slaughter aggregated 9,633,005 head under federal inspection —add 30 per cent to get the actual total. During the same period last year federal inspection figures were only 6,933,580; in 1935, when depletion set in, only 5,455,859 head.

These figures mark the flop of a chimerical theory—control of swine production through the corn crib—announced with sanguinity after a crimp had been put in production by the massacre route—a costly excursion now recognized as futile and never to be repeated. Meanwhile, profitable prices sent gilts to the breeding pen, conserved mature sows, and in conjunction with cheap feed precipitated a debacle. Fortui-

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tous price depressing circumstances were curtailment of export demand since the war began, although 1939 exports in expectation of war aggregated 129,542,000 pounds of pork and 277,271,000 pounds of lard, compared with 95,632,000 pounds and 204,603,000 pounds, respectively, in 1938.

Storage holdings, especially in the case of lard, have reached record poundage. The national stock of lard in March was 258,029,000 pounds—an all time record, 22 per cent more than in February, 106 per cent greater than a year ago, 103 per cent in excess of the previous five-year average. Pork stocks currently are 646,225,000 pounds—the largest since June, 1937, and 11 per cent more than a year ago, despite a strenuous pork and sausage selling campaign conducted all winter by the Institute of American Meat Packers and the National Live Stock and Meat Board. Otherwise the accumulation would have been even greater. That cheap pork militated against the sale of beef, which was deprived of selling force over a long period, will not be seriously disputed, as both cattle and live mutton markets were on a ragged edge while the selling drive, implemented by radio and printed page advertising, was on. Finally consumers, sated with pork, switched to other meats, which accounted in a large measure for the March rise in both the other markets.

Getting the hog market out of its present rut is a merchandising job. The British government is paying Canada substantial premiums for its meat, practically excluding, at least temporarily, domestic products from other trans-Atlantic outlets. Packers are confident, however, that the Dominion cannot fill the hole continuously and that the Allies orders will eventually come this way. Just as certainly as low prices discourage production, the Corn Belt will reduce breeding herds with all possible celerity. A measure of relief would be afforded by fitting hogs for the butcher at younger ages and lighter weights—170 to 220 pounds—although the current crop has been freighted with 250- to 400-pound old-style barrows—a production anachronism. Experiment stations are now wrestling with type changing problems with this goal in view.

Packers are meeting the emergency to some extent by putting out lines of cheap canned pork, excellent products and far more palatable than stringy South American canned beef. This competition is already in evidence. Imports of South American product have diminished recently, although the 1939 volume was the largest on record. This year, beef imports have declined since January, due to pork competition, but 8,755,564 pounds were entered in January, compared with 4,676,176 pounds a year ago.

Hog production will not return to the 1935 level, but the industry is at the contraction stage of the cycle.

LIVE STOCK AT STOCK YARDS

	February 1940	February 1939	First Two Months 1940	First Two Months 1939
RECEIPTS—				
Cattle*	870,814	869,169	1,975,217	2,025,512
Calves	376,413	424,466	836,672	907,898
Hogs	2,921,737	1,970,563	6,693,950	4,669,429
Sheep	1,424,428	1,545,545	3,152,808	3,292,886
TOTAL SHIPMENTS†—				
Cattle*	302,682	332,012	680,111	776,089
Calves	130,309	164,517	300,530	333,414
Hogs	841,455	566,552	1,848,699	1,320,434
Sheep	559,484	594,535	1,212,664	1,271,426
STOCKER AND FEEDER SHIPMENTS—				
Cattle*	131,772	156,961	281,318	366,362
Calves	31,444	56,136	81,944	105,985
Hogs	43,135	37,554	90,119	78,936
Sheep	84,323	81,139	203,236	193,890
SLAUGHTERED UNDER FEDERAL INSPECTION—				
Cattle*	715,118	652,567	1,542,466	1,414,027
Calves	378,025	384,789	794,316	799,617
Hogs	4,277,212	2,890,428	9,633,005	6,933,580
Sheep	1,312,541	1,360,964	2,910,734	2,816,675

*Exclusive of calves. †Includes stockers and feeders.

HOLDINGS OF FROZEN AND CURED MEATS

	Mar. 1, 1940†	Feb. 1, 1940	Mar. 1, 1939	Five-Yr. Av.
Frozen Beef	60,394,000	64,023,000	31,963,000	72,919,000
Cured Beef*	14,284,000	14,550,000	14,441,000	20,795,000
Lamb and Mutton	4,465,000	4,412,000	2,773,000	4,434,000
Frozen Pork	296,415,000	258,432,000	227,075,000	217,121,000
Dry Salt Pork*	86,739,000	80,947,000	69,930,000	79,333,000
Pickled Pork*	265,071,000	249,222,000	245,133,000	307,246,000
Miscellaneous	106,254,000	103,175,000	67,760,000	86,223,000
Total Meats	833,622,000	774,761,000	659,075,000	788,071,000
Lard	258,029,000	202,175,000	125,281,000	126,732,000
Frozen Poultry	144,743,000	166,962,000	116,229,000	113,431,000
Creamery Butter	18,278,000	29,189,000	92,780,000	30,190,000
Eggs (case equivalent)	1,152,000	1,664,000	1,436,000	1,611,000

* Cured or in process of cure. † Subject to revision.

CHICAGO LIVE STOCK PRICES

	Mar. 15, 1940	Feb. 15, 1940	Mar. 15, 1939
Slaughter Steers—Ch. (1,100-1,500 lbs.)	$11.00-12.75	$10.00-11.50	$12.00-13.50
Slaughter Steers—Good	9.00-11.25	8.75-10.50	10.00-12.00
Slaughter Steers—Ch. (900-1,100 lbs.)	11.50-12.75	10.75-11.75	12.00-13.50
Slaughter Steers—Good	9.00-11.50	8.75-10.50	10.00-12.00
Slaughter Steers—Med. (750-1,300 lbs.)	7.50- 9.00	7.50- 9.00	8.75-10.00
Fed Young Steers—Gd.-Ch. (750-900 lbs.)	11.50-12.75	10.75-11.75	9.50-13.00*
Heifers—Good-Choice	9.00-11.00	8.50-10.75	9.50-12.00
Cows—Good	7.00- 7.75	6.25- 7.00	7.25- 8.00
Vealers—Good-Choice	10.00-12.00	10.00-11.25	9.00-11.00
Calves—Good-Choice	7.50- 8.50	7.50- 8.50	6.50- 9.00
Feeder and Stocker Steers—Good-Choice	8.25-10.25	9.00- 9.50	8.50-10.00
Feeder and Stocker Steers—Com.-Med.	7.00- 8.50	6.50- 8.25	7.25- 8.50
Hogs—Med. Weights (200-240 lbs.)	5.10- 5.45	5.30- 5.65	7.50- 7.90†
Lambs—Good-Choice	9.85-10.15	9.15- 9.40	8.75- 9.10
Yearling Wethers—Good-Choice	8.50- 9.15	7.75- 8.50	7.35- 8.00
Ewes—Good-Choice	5.00- 6.00	4.10- 5.15	4.60- 5.25

* 550-900 pounds. † 200-250 pounds.

CHICAGO WHOLESALE DRESSED MEAT PRICES

	Mar. 15, 1940	Feb. 15, 1940	Mar. 15, 1939
FRESH BEEF AND VEAL—			
Steer—Choice (700 lbs. up)	$15.00-16.50	$14.00-16.00	$17.00-18.50
Steer—Good	13.00-15.00	13.00-14.00	15.00-17.00
Steer—Choice (500-700 lbs.)	15.00-17.50	14.50-16.50	17.00-18.50
Steer—Good	13.00-16.00	13.00-15.00	15.00-17.00
Yearling Steer—Choice	16.00-17.50	15.00-16.50	17.00-18.50
Yearling Steer—Good	14.00-16.00	13.50-15.00	15.00-17.00
Cow—Commercial*	11.00-12.00	11.00-12.00	12.50-13.00
Veal—Choice	15.50-17.00	14.50-16.00	14.50-15.50
Veal—Good	14.00-15.50	13.00-14.50	13.00-14.50
FRESH LAMB AND MUTTON—			
Lamb—Choice (55 lbs. down)	16.00-19.00	14.00-17.00	14.00-17.50
Lamb—Good	15.00-18.00	13.00-16.00	13.00-16.50
Ewe—Good	8.00- 9.00	7.00- 8.00	8.00- 9.00
FRESH PORK CUTS—			
Loin—8-12 lb. average	12.50-13.50	11.50-12.50	16.00-18.00

* Previous classification "Good."

WOOL DEMAND SLACK; HIDE MARKET QUIET

By J.E.P.

AN ACTUAL SALE OF A PACKAGE of wool on any market is a notable event. Boston is handling South African and Australian product exclusively. Australian fine wools are selling at 92 to 93 cents, clean basis; South African, 90 to 93 cents, including duty. Recently contracted Texas wools, twelve-month, average-to-good length sell at 83 to 85 cents for prompt delivery. Foreign wools are firm; domestics slow. Operations in worsted plants have been curtailed, although holders of domestic wools are disinclined to make price reductions. A limited poundage of fine delaine bright fleece wool moves at 36 to 38 cents, in the grease. Quotations on last year's three-eighths and quarter blood bright fleece wools are 36 to 38 cents, in the grease, an occasional lot of new, early shorn bright wools cashing at 35 to 37 cents.

Quotations on graded territory wools are nominal, as buyers show no interest at last sale prices. Original bag, fine French combing length is quoted at 86 to 88 cents, scoured basis; short to average, 83 to 85 cents.

An encouraging phase is an upturn in New York top futures which led the previous decline and may lead a rise. All months of futures are higher than in January. Evidently operators are of the opinion that wool is not going to be so cheap as expected.

In early shearing sections, lower prices are meeting resistance. In Arizona, early shearing is over; some wool has been sold, the bulk consigned. Top price reported is 30½ cents, generating opinion that 30 cents is possible in the northern area. Bulk of the wool sold in the Southwest realized 28 to 28½ cents. Packages of Imperial Valley, California, wool have changed hands at 27 cents.

Reports come from Montana—around Missoula and Great Falls—of contracting at 28 cents, but clean cost is not stated or the wool described. New Mexico is credited with taking 78 cents, clean, Boston, for clips less desirable than Arizona purchases.

Present indications are that growers will avoid forcing the new clip on the market until demand picks up, as any action of that kind would merely cause depreciation. Despite dull markets, mills are consuming wool at the rate of 15,000,000 pounds per month faster than it is growing. January consumption, grease basis, was between 50,000,000 and 60,000,000 pounds.

Business in wool goods has been quiet since mid-January, mills reducing operations. Cloth buyers are marking time pending indications of improvement in general business. Retailers have made no attempt to advance prices, beyond threatening such action. In fact, cut-rate sales were extensively advertised in March, indicating slack winter movement of overcoats. Deliveries of spring fabrics have diminished; spinning operations show a disposition to slow down.

Uncertainty about foreign reciprocity treaties overshadows the market, which is one reason why mills are determined to keep inventories down. In the event that the treaty tariff lowering privilege continues, anything may happen. Declining mill activity is another depressing influence. The heavyweight season made a promising start in January, but increased 1939 production of fabrics, when men's wear increased 45 per cent, women's wear 20 per cent, compared with 1938, was not conducive to maintenance. New business took a dull turn, delaying specifications, necessitating more time in executing unfilled orders.

Cloth prices are now about halfway between August and the high spot. Raw wool quotations have slipped under pressure of heavy imports, which in 1939 were triple the poundage of 1938 and about 25 per cent above the previous five-year average. Most of this gain is in South African wool, substantial quantities also coming from South America and Australia. Foreign shipments have diminished recently, although they are still above normal. Domestic stocks figure 25 per cent below normal but are sufficient to satisfy mill demand until the 1940 clip moves in seasonal quantity next month.

The new clip is expected to be equal to that of 1939. Numbers have increased slightly, although range conditions are subnormal. Prices depend on the market policy pursued by growers who may either consign or sell on the shearing ground. Foreign markets are holding firm, despite a heavy Australian clip and the fact that domestic prices are below parity.

Uncertain prospects for general business prompt cloth buyers to delay until convinced that prices have reached a stable level. When values have grounded, an active trade is expected.

HIDES

SPOT HIDES ARE QUIET; THE futures market uncertain. Quotation changes from week to week are fractional, although the market is on the soft side. A heavy take-off since the turn of the year has increased stocks slightly, but no indication of a sharp break is detected. Packer steer hides sell in a range of 12½ to 13¾ cents; cows, 12 to 13 cents; country hides are quiet at 9½ to 11½ cents. Shoe production has been maintained at a high rate, or 17½ per cent above the previous ten year average, dealers having placed substantial orders in anticipation of an advance in wholesale cost. New business has diminished, however, evincing a cautious attitude on the part of distributors, who are operating on a hand-to-mouth basis.

Tanners report quiet business, prices of most leathers showing a softening

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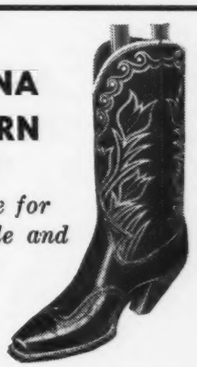
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tendency. Backlogs carried over from last year have been worked down to a low level, while finished cattle-hide leathers have accumulated.

Spot hide prices firmed during February in response to a rising futures market, these purchases being made by traders with intention to resell. Heavy native steer hides now selling at 13 cents were worth 16½ cents last September, although seasonal difference in quality accounts for much of the decline.

In Buenos Aires, where the current take-off is of prime quality, the price trend is firm on a broad volume of European business. Argentine steers are now priced at 16½ cents, duty paid, in New York, after making allowance for the recent increase in freight rates.

MANY AMERICAN WEEDS ARE NATIVES OF EUROPE

EUROPEANS TRAVELING through the American countryside are likely to be shocked by the weediness of American fields and fence rows, says L. W. Kephart, weed specialist of the Department of Agriculture. What the European rarely realizes is that with the exception of the sunflower, a great part of the more conspicuous weeds on American farms are not natives but have been introduced from Europe.

A principal explanation of the relative weediness of American farms, according to Mr. Kephart, is that here each farm worker tills a much greater acreage than he would in Europe. American farms average about 150 acres, with 60 acres in crops, or at the rate of 100 acres for each worker, 40 of which are in crops. This does not allow for such close weed control as in more intensively cultivated areas.

Many of the more conspicuous weeds are annuals and are not so serious as they look. The really serious weeds are the perennials that are difficult to destroy by cultivation.

Most of the annual weeds are regarded somewhat tolerantly by American farmers. In tilled fields they fight these annuals by cultivation until crops such as corn and cotton are "laid by." Then the weeds are allowed to grow. Recently some of the weeds have been getting some credit for control of erosion after the crop is harvested.

FOREIGN

FATTENING ON ALFALFA IN THE ARGENTINE

By GENE HAYWARD, JR.

"THEY'LL BE READY FOR MARket in May, if the weather is good," the manager replied to my question in regard to some 400 steers we were looking over. "With plenty of rain," he continued, "six months on the alfalfa pasture will finish them, and these have been here since the first of December."

We rode on through alfalfa that reached to the horses' knees, from one group of steers to another that were scattered throughout the field grazing. They were used to being handled and only raised their heads to stare at us as we went by. All had big bellies and seemed to have very loose bowels because of the green feed, though as far as I could see it did not have an undesirable effect on them. The alfalfa was in bloom, and all through the feeding period it remains in a continual state of blossom. However, there were enough steers pasturing it to keep it from ripening.

They were a fairly uniform lot, the undersized having been cut out before the alfalfa feeding began, and all were from nineteen to twenty months of age. This will make them two-year-olds in May when they are ready for market.

On this estancia the production of fat steers for market slaughter can generally be divided into four stages: the period the calf is with its mother, the weaning period, the early feeding period, and the finishing period.

From the time of birth until it is ten months to a year old the calf lives largely on its mother's milk. These Shorthorn cows are fairly good milkers, and sometimes the yearling is still with the mother at the time the next calf is born. As a general rule the cows are kept on good grass pasture and are always in fair condition. During this period the calf usually has plenty of milk, and when he is finally weaned he will weigh from 425 to 475 pounds.

At weaning time the calf is usually put on good grass pasture, where he is kept from one to two or three months. If it is available, he may be carried through this stage on alfalfa pasture, though he is not rushed to heavy feeding. Consequently, gains made during this period are usually slow.

Pasture feeding is started in earnest when the fourteen- or fifteen-month-old steers are put on winter rye or wheat and sometimes on barley and oats. (Remember that the winter season begins in June and the temperature seldom drops below freezing, so that green feed is available the year round.) They will be kept on green pasture until the grain begins to head, and may be kept there completely to harvest the crop. A common practice is to sow a light cover crop of oats with alfalfa. Steers will be left on this until the oat feed is nearly gone and then removed to allow the young alfalfa to get well started. The steers begin to put on some fat during this period.

The last six months, or the finishing period, is always on good alfalfa pasture. During this time, if the season is good, steers will be carried one animal to the acre. However, a long dry spell may slow up the growth of the alfalfa to such an extent that more alfalfa or several more months will be required to finish them. At that time these two-year-olds weighing about 850 pounds will top the market in Buenos Aires for from $3 to $3.25 per cwt. (Figured at an exchange of $1 equals 4.25 pesos.)

Note: This feeding practice is followed by a large estancia in the center of the live-stock feeding area in the Province of Buenos Aires, Argentina.

FROM FOREIGN FIELDS

AS A WAR MEASURE, INCREASED production of hogs and rabbits to supplement meat production in France has been advocated. France is fairly well off as far as meat goes in comparison with 1914, but she still needs more livestock to meet consumption requirements. Her domestic production of meat suffices for peace time requirements, but in war time it automatically becomes insufficient because of disorganization of supply and increase in needs. It is held that a mobilized person consumes twice as much meat as when he is at home. Army



Young Argentine Shorthorn bulls being carried on alfalfa pasture.



Two-year-old heifers on unharvested oat pasture.

meat consumption consists almost entirely of beef.

ENGLAND RATIONS MEAT

Rationing of butchered meat was introduced into the United Kingdom on March 11. It will be on the basis of value rather than quantity. Estimate is that the rationing will permit an average consumption per week per person of about one and three-quarters pounds, which is about 10 per cent less than the average.

CENTRAL SLAUGHTER

Change from the system of local slaughterhouses in favor of central slaughtering is mentioned in an item in *Meat Trades Journal* (London). Some butchers secretly began killing animals in unauthorized places, it is stated, slaughtering at night and selling to butchers having difficulty in getting adequate supplies through regular channels. Penalties for such offense are severe.

LIVE STOCK IN NORWAY

The raising of live stock is of comparatively great importance to Norwegian farmers. Approximately 70 per cent of the gross income of the farms is derived from the animal industry. There are many breeds of cattle in Norway, all of which are of fairly small or medium size. On June 30, 1938, there were 1,398,714 large cattle in the country and 1,859,677 small cattle. Sheep are raised in practically all parts of the country and are stated to be mostly of Scotch and English breeds. In 1938 there were 1,778,395 sheep throughout Norway. Although goat raising is of long establishment, the number of animals has gradually decreased since 1933.

WOOL PRODUCTION IN 1939

WOOL PRODUCTION IN THE United States in 1939 totaled 441,897,000 pounds, according to estimates of the Agricultural Marketing Service. Of this, 377,397,000 pounds was shorn wool and 64,500,000 was pulled wool. Total 1938 production was 436,472,000 pounds, of which 371,972,000 pounds was shorn wool and 64,500,000 pounds pulled wool.

Of the 5,500,000-pound increase in the total shorn wool, about 3,800,000 pounds was in the native sheep states and 1,600,000 pounds in the western sheep states. Wool production in Texas this year was about 2,000,000 pounds smaller than last.

Number of sheep shorn in 1939 was estimated at 47,394,000 head, with an average of 7.96 pounds of wool per sheep shorn. Comparable figures for 1938 were 46,609,000 sheep shorn and 7.98 pounds per sheep shorn. Average local market price of shorn wool in 1939 was 22.3 cents per pound; in 1938, 19.2 cents.

RANGE

WESTERN RANGE AND LIVE STOCK REPORT

WESTERN RANGES IN EARLY March had a short supply of old feed, but conditions for grazing were generally favorable, according to the Denver Regional Live Stock Office of the Agricultural Marketing Service. Supplemental feeding had been fairly heavy in certain areas, but spring range prospects were improved. Losses of cattle and sheep were reported to have been light.

Details by states follows:

Arizona.—Range feed fair to good; favorable early feed prospects in south; northern areas with short feed had favorable winter conditions; stock in good condition; losses light.

California.—Seasonal moisture above normal in all areas; feed conditions above ten-year average for first time since February, 1939; early spring feed good in lower areas; cattle in early areas making good gains.

Colorado.—Spring range prospects improved; considerable feeding in some areas; stock wintered well; losses light.

Idaho.—Range feed prospects improved; hay and feed plentiful in most areas; cattle wintered well; sheep in good flesh; stock losses small.

Kansas (western).—Feed supplies short but roughage-maintained cattle in fair condition; old range and pasture feed very short; cattle losses light.

Montana.—Heavy feeding; range feed prospects improved; stock wintered well; losses light.

Nebraska (western).—Cattle losses light; supplement feeding heavy; some feed shortage in extreme west and local areas; feed ample in Sand Hills.

Nevada.—Prospects for spring feed good; stock water ample on desert ranges; stock wintered well; losses light; hay ample.

New Mexico.—Spring feed prospects good; good range feed except in local areas; stock wintered well; losses light.

North Dakota.—Feed ample in most areas and some surplus in local western sections; water shortage in some places; stock wintered well; losses light.

Oklahoma.—Pasture and range feed very short; feed nearly exhausted; subsoil moisture short; cattle fair but many thin; losses light.

Oregon.—Favorable moisture for spring and summer feed; hay and other feeds plentiful; stock wintered well; losses light.

South Dakota (western).—Feed ample and some supplement feeding in dry areas; cattle and sheep wintered well; losses light.

Texas.—Range feed fair to good; moisture favorable except in south, south central, and parts of northwest central where subsoil moisture lacking; cattle and sheep fair to good; spring cattle movement expected lighter than 1939; losses light, lamb and calf crop prospects good.

Utah.—Spring feed prospects good; supplemental feeding not heavy; stock wintering well; losses light.

Washington.—Old range feed short but early spring feed prospects good; hay and other feeds ample and some surplus; stock wintered well; losses light.

Wyoming.—Range feed poor to good and short in some areas; considerable supplemental feeding necessary; cattle and sheep wintered fairly well; stock in good flesh except in 1939 drought areas; losses light.





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HIT TREATY EXTENSION

(Continued from page 4)

because only approximately forty pounds of canned beef is derived from 100 pounds of dressed carcass weight. Despite the fact that this tariff is already relatively too low, it was proposed to reduce same in both the Argentine and Uruguay agreements, and press dispatches at the time negotiations were abandoned stated that Secretary Hull had indicated a willingness to reduce the tariff on canned beef to be protected by a quota, to which the Argentine representatives objected.

I have here the official release put out by the Department of State relative to the abandonment of the negotiations with Argentina, and it says, in effect, that the Argentine government, on the one hand, has not been able to admit that concessions to be obtained from the United States for their typical, regular, export products to that country, such as linseed and canned beef, among others, should be restricted through the acceptance of a system of custom quotas. I think that is an admission that our officials were willing to lower the tariff on canned beef.

Inasmuch as the present rate of 6 cents is only equivalent to 2.4 cents per pound on the dressed weight, any reduction of same would be to put it further out of balance and certainly could not be justified in any fashion whatsoever.

I could carry that comparison on into live cattle. The tariff of 6 cents on canned beef would be equivalent to 1.2 cents per pound on live cattle, and when good cattle are selling in Argentina for around 3 to 4 cents a pound it is evident that were it not for the embargo against foot-and-mouth disease a tariff of 1.2 cents a pound on live cattle would not give us any protection at all.

The same is true relative to hides. In 1930 we barely got hides off the free list, a nominal duty of 10 per cent being written into the act, which, under ordinary conditions, is eqivalent to about 1 cent per pound on green hides. Yet it was proposed in both the Argentine and Uruguayan agreements to reduce the tariff on that product. The existing tariff on canned beef and on hides by no stretch of the imagination can be called a barrier to trade. Our imports of canned beef have been running between 80,000,000 and 90,000,000 pounds annually in recent years. For the year 1939 they were practically 86,000,000 pounds. Our imports of hides have likewise been substantial, from 1,300,000 to 3,000,000 hides being imported annually in recent years. Calf and kip skins imported have averaged around 3,000,000 pieces annually during this same period.

I would like again to call attention to the fact that in the case particularly of the tariff on canned beef there was no reason from the consumer's standpoint that would justify a reduction in the tariff. This canned beef from South America can pay ocean rates which are no more than its costs to move the product half way across this country, jump a 6-cent tariff wall, and still sell at a low price in the American market.

I have here two twelve-ounce cans of South American beef, purchased recently in Washington, one from Brazil, one from Argentina. The former cost 17 cents and the latter 19 cents. It is a cheap product on the market today.

Increased Cattle Population

On January 1, 1939, the census of total cattle on farms and ranches showed an increase of 738,000 head. The new census—January 1, 1940—just out shows a further increase of 1,980,000 head, of which approximately 1,500,000 is in beef cattle. Most of this increase has taken place in the territory east of the Missouri River, where farmers under the AAA program have had substantially to reduce the acreage devoted to major agricultural crops. This is particularly true in the Corn Belt, where it is expected that the acreage planted to corn this spring will again materially be reduced. The need for such reduction is shown by the fact that a few weeks ago the department issued a statement showing that the current corn supply available to feed was something like 3,000,000,000 bushels —the largest in twenty years. In the South there is a well-developed program under way, with the aid of various government agencies, to increase live-stock production in order to get away from the one-crop program followed for years and thus to diversify as much as is possible and practicable. It should appeal to anyone that it would be far better to protect the American market and permit development of this program, producing our own meat supply, to the fullest practicable extent and thus help to bring agriculture generally out of its difficulties than to take further steps to decrease tariffs and increase foreign importations.

Current Meat Supply Heavy

Under the heading, "Strong Supply of Meat in Store for United States," a Chicago dispatch dated January 24 states that the increased supply of meat in store for American consumers during 1940 may reach record proportions. It further states:

"Leaders in the meat industry predict the country will consume 10 per cent more meat this year than in 1939. The biggest increase was expected to be in pork, which dropped to a six-year low price level yesterday on the Chicago wholesale market—11 cents a pound for the best light loins."

It is indicated that storage meat holdings on January 1 were larger on all classes than a year ago. (The total meat supply for the month of January 1940 was the largest of any January on record.) Number of cattle on feed at the beginning of 1940 was estimated to be among the largest in twenty years, the number of sheep and lambs on feed in the principal states was 3 per cent greater than a year ago, while the pig crop of 1939 was the largest ever produced and the advance report of the number of sows to farrow in the spring of 1940 indicated about the same number as last spring.

Contrary to AAA Program

Since the reciprocal trade program has been in effect, something like $3,500,000,000 has been spent by the AAA in a thus far fruitless effort to maintain parity prices on agricultural products. Other hundreds of millions of dollars have been loaned through the Commodity Credit Corporation for the same purpose, and under this loan program corn is being sealed up at 57 cents a bushel and withheld from feeders in the neighborhood who might buy it and turn it into meat, while advocates of the reciprocal trade program are urging bigger and better tariff reductions which would increase the importations of cattle, canned beef, and other products. I have a letter from a farmer and rancher living at Council Bluffs, Iowa, who states that at Blencoe, Iowa, on the Little Sioux River, there are 1,000,000 bushels of corn sealed at 57 cents and that feeders in the neighborhood cannot buy corn. I am not complaining over the government corn loan, although no one can anticipate for certain just what the ultimate effect will be on the live-stock industry, but at least it is now certain that with too much corn, too many cattle, and too many hogs it is contrary to every rule of reason to attempt to cure the situation, as is proposed, by increasing the supply through the lowering of tariffs. In this connection I would like to call your attention to the fact that on January 19, 1934, Secretary Wallace appeared before the House Committee on Agriculture and was asked if the statement that we had 10,000,000 head of cattle surplus was approximately a correct statement. The Secretary replied: "I could not give you a definite answer, but I would guess that it would be close to that amount." On January 1, 1934, the department estimated cattle numbers to be 74,262,000 head, indicating that certainly not to exceed 65,000,000 head would be a normal number.

As the program is working today, any achievement in the way of reduced production of corn and live stock on the part of AAA instead of being allowed to operate to raise prices is proposed to be offset by increased importations. In other words, we are paying our farmers to reduce production in order to provide a market for foreign farmers.

Agricultural Surplus Little Affected

If the reciprocal trade program had succeeded in disposing of the major agricultural surpluses of this country it would be easier to attempt to justify it; but it has failed to do that. I do not think it is even claimed that it has accomplished anything for cotton. In wheat, some trades have been made; but, in order to bring them about, in recent months at least, sales have been

possible only with the help of government subsidies. In pork, our third major surplus and the one which is of most concern to us because pork is directly competitive with beef, little has been accomplished. There were slight concessions in the trade agreement with Great Britain, which have now largely been nullified by war conditions and by price fixing on the part of England incident thereto.

I was in Chicago recently and was told by a representative of the Institute of American Meat Packers that England had refused to permit contracts which Chicago packers had made with importers in that country to be filled.

Now, I do not blame those foreign countries for not buying our agricultural surpluses if they do not need them; but, inasmuch as that seems to be the case to a marked degree on these major farm products, it seems to me that fact should be recognized and other industries which are not in distress at the moment should not be asked to make a sacrifice that is in vain in order to try to work out the surplus situation.

I would like to call your attention to the fact that, whereas in 1932 agricultural exports were 41.8 per cent of our total exports, they declined to 32.1 per cent in 1934, to 26.3 per cent in 1936, to 23.7 per cent in 1938, and, for the first four months of the current fiscal year, to 22.7 per cent. For the full calendar year 1939 the exports of agricultural products were only 20.9 of our total exports.

We have heard so much about reciprocal trade in the past few years that it is sometimes overlooked that the American market consumes close to 95 per cent of everything that is produced in this country, both agriculturally and industrially. While I have not been able to find in any government department recent figures on this subject, the latest I could find indicate that in 1936 approximately 6 per cent of our agricultural production and in 1935 approximately 5 per cent of our manufactured goods went into export. There may be a recent slight advance in that latter figure. They only get these figures out every two years, and then they are about two years old. But I do not think it would show a very important change.

It has been claimed that our livestock industry and agriculture generally would benefit as exports are increased by putting men back to work in the factories of this country. I do not think it can be shown with any degree of certainty that this has been the case. Automobiles have been talked about a great deal in this connection. For the year 1938, according to the Department of Commerce, there were 29,441,960 automobiles registered in this country. According to the same source, there were 273,600 in the whole of Argentina —fewer than many of our big cities alone show. While taking the totals for twenty-nine of the major countries of the world which I have listed here, there is shown a total of 12,269,037—much less than one-half the number in this country. We may sell a few more automobiles abroad; but, if in order to do so we have to sacrifice the interests of American producers, we shall lose far more sales at home.

In a dispatch dated February 1, Colonel F. C. Harrington, Works Progress Administration commissioner, stated "that industrial activity must increase to unprecedented levels before the public relief burden can be reduced materially," while a New York dispatch of the same date stated that 2,000 people waited in line to put in applications for 220 jobs as census takers in Jamaica, although the jobs in question were not to be let for two whole weeks. That there has been little marked change in the unemployment situation has been shown from time to time as unemployment figures were released.

I want to call your attention to the fact that the live-stock industry in particular and agriculture in general cannot readily shut down their plants when the going gets tough. Many of our producers have only the barest economic unit. Assume, for example, that a man who has no other business than the cattle business must have 300 cows if he is to operate, pay his expenses and taxes, and make a reasonable living for himself and family. If he is caught in a position where it is apparent that there is overproduction in this country and that total numbers should be reduced 10 or 15 per cent, such a reduction in the size of his small herd would make it impossible for him to operate economically and efficiently. This is why agriculture is always in distress more than industry when depressed conditions come about, and that is just when we need adequate tariff protection.

I have before me a chart showing agricultural production from the year 1930 to 1935, and the reduction in production was very slight while the reduction in agricultural income was tremendous. On the other hand, industrial production was immediately sharply curtailed, and the drop in industrial income was much less than in agricultural income and held very close to the same trend shown in the drop in industrial production.

Conclusion

For the reasons given above, we strongly urge Senate ratification of any trade agreements made or of any extension of existing trade agreements, if the act is not allowed to expire on June 12, 1940, as we would much prefer. We do not think that adequate consideration has been given to the interests of the live-stock growers of this country in the making of existing trade agreements. Under normal conditions we can produce all that our population can consume, but it is difficult to plan operations when one cannot know even six months in advance what the possible competition in the market is going to be. Beef is directly competitive with pork and, to a lesser degree, with lamb, poultry, and dairy products.

We believe the American market should be preserved for the American producer to the full extent of his ability to supply it on a price basis that will maintain the American standard of living for producers and consumers alike. The tariff rates established for our products in 1930 gave us the greatest relative degree of protection that we have ever enjoyed, as compared with industrial products, and yet it cannot be fairly said that any of the rates to which I referred

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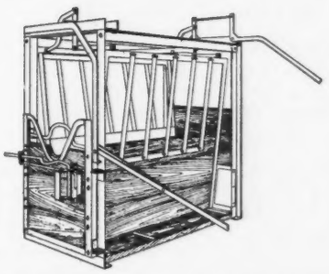
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were unduly high or that they were barriers to trade in any true sense. Under the present situation Canadian and Mexican cattle can profitably enter our markets on a price basis just 1½ cents a pound under that existing prior to 1936. To us that is the meat in the coconut.

We do not agree that a requirement for Senate ratification is equivalent to nullification of the act. We do believe that it will place a necessary check, the need for which has been clearly demonstrated, on the framers of the reciprocal trade agreements, now largely believers either in free trade or a very low tariff level. Unless such a check is imposed, the country will not long allow the tariff policy of the nation to be set in a department where the interests of foreign policy are placed above those of domestic economy.

EARLY SPRING LAMB CROPS OF 1940 AND 1939 ON A PAR

THE EARLY SPRING LAMB CROP in the principal producing states this year will be about the same as that of last year, according to the Agricultural Marketing Service, but the number of early lambs for slaughter before July 1 is expected to be considerably larger than last year, since many more of the early lambs in California and Texas are expected to reach slaughter weight and condition by July 1. Last year, early lambs in these areas developed very poorly because of unfavorable feed conditions.

In the eastern early lambing states, weather and feed conditions since the first part of the year have been unfavorable for the early lambs. Record low temperatures in January and cold, wet weather in February resulted in rather heavy death losses. Very little winter grazing has been available and green feed from pastures and grain fields will be late. In the early lambing areas of the north Pacific states and Idaho, weather and feed conditions have been generally favorable, especially so in Arizona.

The situation early in March indicated that the slaughter of sheep and lambs during May and June, this year, would be considerably larger than the small slaughter during these months last year, but in April it is expected to be smaller. In addition to larger marketings of spring lambs from Texas, the shipments of grass-fat yearling lambs and wethers from that state before July 1 will also probably exceed those of last year.

FARMS FORECLOSURE RATE IS SEVENTEEN IN THOUSAND

FARM LOSSES SAME AS 1938: Seventeen out of every 1,000 farm owners lost their farms by foreclosure last year—the same number as in 1938—the Department of Agriculture has reported. This was some smaller than the 1925-29 average of twenty-three per 1,000 and considerably less than the 1932 depression record of fifty-four per 1,000. Most of the foreclosures still are by commercial banks and insurance companies. One out of every five farms that changed hands last year was classed by the Bureau of Agricultural Economics as a "forced sale." The 1930-34 average was one out of every four, compared with one out of every twenty-eight in 1910-14. The bureau's comment was that "in spite of the efforts of federal credit agencies to relieve the farm mortgage situation there is still widespread evidence that the mortgage debt is a major problem on the farm."

1939 LIVE STOCK PRICES SOME LOWER THAN 1938

LOCAL MARKET PRICES OF LIVE stock and live-stock products as a group were 4 per cent lower for the calendar year 1939 than a year earlier, the Agricultural Marketing Service has reported. The general price level for these commodities averaged lower than for any year since 1934. Compared with 1938, the average prices received by farmers for dairy products in 1939 were 2 per cent lower; poultry products were down 8 per cent; meat animals were 3 per cent lower. Wool prices were up 17 per cent.

Prices received for all meat animals except hogs averaged higher in 1939 than a year earlier. Local market prices of hogs dropped to $6.25 per 100 pounds in 1939, compared with $7.72 in 1938. This was the lowest average price since 1934, keeping the general level of meat animal prices below the 1938 level.

Farmers received an average of $7.03 per 100 pounds for beef cattle sold during 1939, compared with $6.56 in 1938. Veal calves averaged $8.42, or 56 cents per 100 pounds higher than in 1938. Local market prices of sheep and lambs averaged $3.86 and $7.75 per 100 pounds for the year, compared with $3.57 and $7.04, respectively, during 1938.

The number of cattle, calves, sheep and lambs slaughtered under federal inspection during 1938 was less than a year earlier. On the other hand, federally inspected hog slaughter increased from about 36,200,000 head in 1938 to 41,400,000 head in 1939. Average weights of live stock slaughtered were heavier than in 1938, and the total dressed weight of all live stock slaughtered under federal inspection in 1939 was nearly 8 per cent greater than in the preceding year.

MEAT TRADE OF THE UNITED STATES LAST YEAR

EXPORTS OF MEAT PRODUCTS in 1939, totaling 192,000,000 pounds, increased 18 per cent over 1938 and 55 per cent over 1937 shipments abroad, according to the Department of Commerce. Imports in this group, amounting to 151,000,000 pounds in 1939, increased 2 per cent over 1938 and declined 22 per cent from 1937.

The increased British quota for American hams (56,000,000 pounds) conceded under the trade agreement fell 7,000,000 pounds short of fulfillment. Forty-five million pounds were exported to the United Kingdom in 1938. War regulations point to virtual cessation of exports of pork products from United States to the United Kingdom so long as supplies are available from Canada and some other countries.

Fresh or frozen pork exports to Canada may not now exceed 1,626,769 pounds monthly, which, however, it is stated, "insures to the United States a full peace time value of the tariff concession on pork made in the trade agreement of January 1, 1939."

With the advent of war in Europe, various government control measures affecting meat products were announced by the belligerent and several neutral countries, affecting imports, exports, production, distribution, and prices.

Imports of dutiable cattle reached 754,000 head, compared with 424,000 in 1938. The lowered duty quota of 225,000 head for non-dairy cattle weighing 700 pounds or more was not quite fully utilized. Total imports in that class were 228,000 head, but only 220,543 were admitted at the quota rate. Imports of calves weighing under 200 pounds were 115,000 head, of which some 15,000 calves were over quota and paid the 1930 duty rate.

Imports of hams, shoulders, and bacon (mainly canned hams) declined from 47,000,000 pounds in 1937 and 44,000,000 in 1938 to 36,000,000 pounds in 1939.



This old wooden hay carrier, which had no wheels but slid on a greased or tallowed four by four wooden track, was used ever year from 1868 until November, 1939. The carrier was made by hand and installed by William Louden three years after the Civil War and patented by him. The invention wrought a revolution in barn construction and was responsible for the high, large-mow barns that we know today.

PIONEER STOCKMEN

By GARDNER MATTOON

THERE STILL LIVES IN THE little crooked ox train street of cow-town Buffalo, Wyoming, a grand old pioneer stockman by the name of Edward Burnett who is greatly beloved by his community as a man of highest principles and honor. In the early 80's the hills and valleys of the Crazy Woman country abounded with 41 cattle grazing the free ranges.

The beef-eaters and rustlers passed the Burnett cattle up and turned them back to their proper ranges; for, as they said, "Burnett is a God-damned good man." When asked to join the great banditti of the plains, Mr. Burnett refused, not wishing any human blood on his hands, and took a stand few men in his place would have taken or would have had the courage to take. He stands in praise today as a loyal and useful citizen.

It is indeed a pleasure to talk with this old cattleman and get his peaceful optimistic attitude toward life. He sits by his fireside with his ideal young wife, smoking his pipe in peaceful content, recalling the old cow-days when his hundreds of cattle roamed the free ranges. He practically knows every angle of the cow-business and likes to meet with old friends and talk of old times. His background of the old cow-range is most interesting. He is a good host and generous to a fault, and long may he live to bring courage and good cheer to whomsoever he may meet.

* * *

Will Savage, better known as "Billy," one of the oldest cow-punchers of the Old West, lives at Roseburg, Oregon. He went to work with the Flying E in 1883 and worked for the Matt Murphy Cattle Company until it went out of business in Wyoming and moved its remnant herd of 150,000 head of cattle into Montana. He stayed with the company there until it closed out the cattle business in Montana. Billy shipped cattle across the great pond for Murphy and went to South America in his behalf. He was in recent receipt of a letter from young Matt, Jr., who is a prominent lawyer in Alabama. Mrs. Murphy is still alive but an invalid. Matt Murphy, Sr., was much beloved by his cow-punchers, and every maverick that they could find was branded Flying E for Matt Murphy.

Billy is still hale and hearty after riding the cow-trails a lifetime. Some say that a wagon-boss' life in the open is hard, but Billy considers it an easy-go-lucky life that has its many compensations. His were the days when a single individual owned as much as several hundred thousand head of cattle, owned but little land, paid scarcely any taxes, and grew rich as Croesus.

BULLETINS IN BRIEF

THE WAR IN EUROPE HAS DIMINished export demand for American farm products and there is no immediate prospect or improvement, the Department of Agriculture reports. Economic controls, import restrictions, and food consumption regulations in the nations at war are a barrier against a repetition of the farm boom that accompanied the World War. The report says: United States exports of tobacco and fruits have been hardest hit by import restrictions; exports of pork and lard are not up to the volume that would flow normally in a year of large production and lower prices; export sales of cotton have been good but have declined recently; little wheat is going abroad. "Principal effects of the war have been to increase domestic demand for farm products through increased industrial production in anticipation of war requirements," the department said. This increased domestic demand, built on expectation of war orders which have not materialized in the volume expected, has helped to support prices of farm products in recent months. However, some indications of weakness have been noted recently.

LIVE STOCK INCREASE IN EAST

Large supplies of feed and favorable feeding ratios resulted in a 7.4 per cent increase in the number of grain-consuming animal units (one cow, one horse, two calves, five sheep, etc.) on farms during 1939, according to federal analysis of the feed situation. Live-stock numbers totaled 136,700,000 animals units on January 1, 1940, compared with 127,300,000 a year earlier. The number of animal units on farms January 1, 1940, was only about 1 per cent below the 1929-33 average of 138,300,000 units. Hog numbers are now considerably above the pre-drought five-year average in the Corn Belt states east of the Mississippi River and in the southern states but they are much below average in a considerable part of the western Corn Belt. The number of cattle on farms is above average in the states bordering on the Mississippi River and eastward. . . . Total marketings of cattle and calves in 1940 probably will not be greatly different from 1939, according to the Bureau of Agricultural Economics. Cattle numbers are expected to increase further in 1940 from the January figure, which was three per cent above January 1, 1939.

FEEDSTUFFS PRICES

Cottonseed cake and meal was quoted on March 21 at $36 a ton, basis Dallas. Omaha price on soybean oil meal March 20—41 and 44 per cent protein, $33; linseed oil meal—fine, 37 per cent protein, $35.50; pea size, $36.50. Hay prices, carlot, on March 20, at Omaha, were: Alfalfa—choice leafy (fourth cutting), $19; No. 1, $17 to $18; standard leafy, $16; standard, $15; No. 2, $13 to $14; No. 3, $12 to $12.50; upland prairie—No. 1, $10.50 to $11.50; No. 2, $9.50 to $10.50; No. 3, $7.50 to $8.50.

FIRST CENSUS 100 YEARS AGO

"There is as much difference between the 1940 census schedule relating to agriculture, which is to be handed out this month, and the one filled out in 1840 as there is between an elephant and a flea," says Dr. Arthur G. Peterson, senior economist of the Bureau of Agricultural Economics, in a review of agriculture 100 years ago and now. "A hundred years ago," he says, "about the

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Doane Agricultural Service, Ranch Managers, 3663 Lindell Blvd., St. Louis, Mo.

only current statistics relating to agriculture were those on international trade and the local market prices quoted in newspapers. . . . The three New York State censuses of 1835 and earlier contained agricultural statistics. The first agricultural survey of a comprehensive nature was authorized by the Massachusetts Legislature in April, 1837 and was conducted by Henry Coleman between 1837 and 1840. Several states had made geological surveys before 1839. The sometimes unreliable news brought by a ship captain regarding crop conditions in Europe often created a panic in our eastern grain markets."

COMMISSION RATE HEARING

Hearing was held in Washington March 4 to 6 to consider charges of market agencies at the stockyards in Omaha, Nebraska. The Omaha Live Stock Exchange filed a petition last year asking for modification of rates, on the grounds that conditions had changed since the Packers and Stockyards Administration rate order of November, 1926, was issued. The exchange claimed changes in conditions have increased operating cost.

LETTERS

GENTLE RAIN

I don't want to miss any of your magazines. We have good prospects for a good feed year here. We had an early rain in October that started feed, and then it dried up and looked mighty bad, then it rained again, and January was the wettest here (Merced County) in sixty-two years of record, and February may be close to a record. No floods or big rains—just gentle, warm showers. Sheepmen were hard hit, as last year was a dry one; there was no old feed and they had to feed lots of hay and grain during lambing (late November and December). Early lambs suffered some setback because of no green feed. Cattle are scarce and high, and if feed grows in proportion to the rainfall there will be grass to spare. Alfalfa has never quit growing all winter. We may be cutting a first crop by March 20 or April 1. Volunteer grain is starting to lodge in the field because of heavy growth and rain.—MIKE POLLARD, Los Banos, Cal.

LOOK OUT, TEXAS!

Enclosed find a buck for subscription to the PRODUCER. I'd like to know more about you, and you had better be getting to know more about us. We had 600,000 head five years ago; 4,000,000 today. In five years we'll have more cattle than Texas. I imagine we are trying to accomplish the same things and toward the same ends. A tip: Don't overlook us. Better had we have cooperation and unity so we don't bust our own playhouse, the market. Been trying to get Sam Guard to see us, but he's evidently lost his spyglass. No foolin', we're factors right now, if we don't increase one hoof. Regards to you. —MILT THOMAS, Sarasota, Fla.

Long ago we invited the Florida association to join the American National.—ED.

WHAT'S A DILSEY?

Relative to article, "Student Boners," p. 18, March PRODUCER. The writer, a school teacher, has been asked for the correct definition of some of the range terms in questions but was unable to give an answer in every instance.—CHAS. VAN DORN, Carbon County, Wyo.

The editor and the professor who gave the exam, too, shared Mr. Van Dorn's trouble with the definitions. Undoubtedly, Mr. Van Dorn refers to "chupo" or "chapo," which means "a short-coupled, chunky-built horse," and "dilsey," a saddle mare. Some of the boys did give correct answers to all the questions.—ED.

FEEDING INCREASING

Cattle and other stock wintered well here. A big number of sheep are fed in this section over winter, sheep going out on the range in spring. Quite a number are already sheared. We had quite a cold spell a few days ago, but I have heard of no losses in sheared sheep. Many cattle have been fed here for the market. Feed is plentiful. More cattle are fed here each succeeding winter. Lacking snow, grass on near-by hills might be scarce this summer. —E. T. SANDMEYER, Twin Falls County, Ida.

GRASS NEARLY GONE

I haven't many cattle left, as continued drought for several years and grasshoppers in this part of the country has nearly done away with the hay and grass. How many good or normal years it would take to bring it back is beyond me, but I still wish to receive your magazine.—J. W. REED, Creston, S. D.

AGREED

I have 250 cattle, and I think every man in the U.S.A. who owns that many cattle should pay $5 to the American National Live Stock Association.—W. W. FORMWALT, Torrence County, N. M.

Enclosed find $1 for the AMERICAN CATTLE PRODUCER. It's good from page to page.—WILLIAM POWELL, Fort Pierre, S. D.

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